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East Europe Report

ECONOMIC AND INDUSTRIAL AFFAIRS

No. 2182

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ENTERPRISES REQUIRED TO PROMISE MORE PRODUCTION TO EARN MORE

Bratislava PRAVDA in Slovak 15 Aug 81 pp 1, 2

[Article by Editor Jozef Krska: "Enterprises Which Promise More and Keep Their Promise Will Earn More"]

[Text] Having been discussed at the manufacturing collectives, in workshops, factories and other enterprises, the questions of implementation counterplanning have now become of concern to the general directorates for the economic production units [VHJ]. The effectiveness of the proposals from individual enterprises, the correctness of the calculations of the monetary incentive funds, and assurance of possible higher raw-material and material needs provided by suppliers are now being evaluated on the middle management level.

It is true, however, that general directorates for the VHJ have not entered the process of implementation counterplanning just now. In fact, they have influenced it since they received the directive for 1982 from the central authorities.

Increased Attention to Planning Preparations

The quality and amount of production at the enterprises of the VHJ Strojsmalt play an exceptionally important role in satisfying the citizens' needs. It is because in the area of this unit--the producer of manufactured consumer goods--it is a question of producing products which concern almost every citizen. Even in their case, implementation counterplanning provides the opportunity of utilizing the existing reserves for increased production of goods in short supply, the increased utility of the products, a decreased loss from imperfect manufacture, the acceleration of the introduction of the technological development results in practice, and the like. Therefore, we asked Eng Jozef Lizal, the economic director of the VHJ Strojsmalt about the aim of implementation counterplanning and about some new facts of experience they had obtained in the process.

"Our directorate," he says, "has adopted the method of implementation counterplanning as one of the decisive methods for economic development. Therefore, we have paid increased attention to this method. The tasks and possibilities for fulfillment of the 1982 directive were first discussed by our trade union committee. Then, the 1982 directive was passed to the managers of the enterprises in the presence of two or three of their deputies. Apart from the general tasks of the VHJ, we analyzed primarily the main structural changes in manufacture and

marketing for our enterprises, methodical changes in the enterprise plans for 1982 and the relations between the plan's proposal with the creation of special compensation funds, the cultural and social services fund, and other funds. Apart from emphasizing fulfillment of concrete tasks, we directed the enterprises to surpass the directive in the area of effectiveness, primarily the agreement of the indices of rentability and operating assets, and adjusted value added output and profits.

There Will Be More Refrigerators, Kitchen Utensils and Shower Stalls

At present, the domestic market is saturated with some kinds of goods, for example, electric heat-storage spaceheaters, automated washing machines, partially also by solid-fuel stoves. This has caused problems in fulfilling the directive. The market requires 20,000 fewer electric heat-storage spaceheaters than it was determined by the directive, which represents a difference of about Kcs 120 million. On the other hand, according to the findings of the members of the VHJ Strojsmalt general directorate concerning their selection of products, citizens feel the shortage of refrigerators, kitchen pans and pots, meat grinders, and shower stalls. Implementation counterplanning should also be used to eliminate, or at least to relieve, the shortage of these kinds of goods. Elektrosvit Nove Zamky and Calex Zlate Moravce have adopted a plan in which they pledged to supply the domestic market with more refrigerators than had been determined by the directive--both enterprises together will supply 5,000 units more. The producer of steel and cast-iron ware Norma Frydlant nad Ostravici pledged to offer Kcs 4.5 million more goods than required by the directive. Kovosmalt Filakovo, however, in the case of both kitchen ware and meat grinders accepted only the tasks determined by the directive. However, according to the members of the VHJ Strojsmalt general directorate, it will be a success if they only managed to fulfill the tasks given by the directive (in terms of time, this year's production objectives for meat grinders are being fulfilled, only 67 percent since the knives necessary for the grinders have not been supplied); we suppose that Kovosmalt could be more inventive in increasing manufacture of goods in short supply. For Elektrosvit Nove Zamky, the 1982 directive determined the manufacture of 9,500 shower stalls, which are also in short supply. Their implementation counterplan pledged that 15,000 shower stalls would be produced.

As opposed to the same period of last year, the VHJ Strojsmalt enterprises succeeded in decreasing the material demands in manufacturing 1.8 percent and complaints 18 percent in the first half of this year. In the implementation counterplan for 1982, the general directorate again oriented the initiative of the best workers, inventors, operation improvers, members of expeditor teams and teams of socialist work to this area. The pace of decrease in production costs was required to be accelerated. Most enterprises understood this task and approached the implementation counterplan accordingly. It is also thanks to them that the entire VHJ can pledge that it will exceed the index of the adjusted value added output given by the 1982 directive by 1.2 percent. However, not all enterprises approached the tasks in this way. Enterprises which have promised increased production and higher quality goods with reduced material consumption at the same time, and keep the promise, will receive more. For instance, if Calex Zlate Moravce fulfills the adopted implementation counterplan, the volume of wages will be increased 2.5 percent and in Tatramat Poprad 1.1 percent.

9814
CSO: 2400/300

FORMER ATOMIC SPY DEFENDS GDR ATOMIC POWER USE

Bonn DIE WELT in German 19 Aug 81 p 3

[Article by Hans-R. Karutz, Dresden: "Fuchs: GDR Industry Needs Atomic Power"]

[Text] In the "Ecumenical Cafe" of the Dutch Reformed Community in Dresden one man drew up a balance sheet for the GDR economy which, to Western ears, sounded pitiless. The man was Prof Klaus Fuchs from Dresden. As a former Soviet atomic spy in Great Britain he had once attained world renown; today, as a member of the SED Central Committee, he is a close confidante of the GDR leadership. The nearly 70-year old nuclear scientist, who very rarely makes public appearances, was speaking during a discussion evening as part of the conference of the World of Churches.

Before the 10th SED congress in April of this year Fuchs said that the question had seriously been raised whether the so-called "primary task" of the economy--reduction of the housing shortage by 1990, a higher standard of living--could be fulfilled at all. "Since 1976," he continued, "there has been the problem of rising costs for raw materials, such as oil, and problems in the balance of foreign trade, in which we are involved." He was referring to the GDR's strong dependence on the economic interlinking within the Soviet bloc.

Energy was crucial for the further development of industry. Fuchs said: "In that regard things are not looking good in our country. Oil, natural gas and coal have to be imported. Sixty percent of our primary energy comes from our own lignite. The costs of reducing the housing shortage are growing."

Nuclear energy, which was already supplying 12 percent of total energy production was left as the "sole source." Fuchs performed this calculation: "In order to achieve the necessary growth of 5 percent in national income, we will have to manage with less than a 1-percent increase in primary energy in the future." Previously, industry in the GDR had achieved its plus figures with an annual increase in energy consumption of three percent. That was no longer possible.

Only a campaign initiated 16 months before the last SED party congress, with new commitments by the workers, had made it possible to avoid making cuts in the growth forecast. Indirectly, Fuchs also mentioned the increasing pressure on workers in the GDR to meet norms: There were certainly many "for whom it is too much to constantly renew their thinking about their work."

In order to exercise a restraining influence on the internal debate about the dangers of an accident in a nuclear power plant, Fuchs said on this delicate point: "An international exchange of experience on the questions of reactor safety has begun. The advantages of the Western and Eastern designs in construction have been combined."

Before an extensive new construction program for nuclear power plants in the GDR began, GDR experts had carried out prolonged tests at the Rheinsberg research center, north of Berlin, in which "weak points" had once again been identified. Fuchs conceded: "The problem of residual risk remains." Still, GDR citizens would have to expect the construction of additional nuclear generating stations.

Fuchs left no doubt that the rise in the standard of living, which had been promised and publicly pressed for time and again by head of state Erich Honecker, would not be attainable without the extensive use of nuclear energy. Nuclear energy was the only means of solving the increasing problems of growth in the GDR's economy.

In the discussion Fuchs also talked about the problem of disposal, in particular since he was asked about the project in Gorleben and about the GDR's storage sites for nuclear waste. He said that he was "not well enough" acquainted with the Gorleben plans; in any case this project was of a quite different kind than the collection sites for radioactive waste on the territory of the neighborhing GDR. Fuchs added: "'Unfortunately,' there were no agreements on the subject between the two countries."

In an aside Fuchs mentioned a "breakdown" in a Soviet power plant, but he characterized reports of a sizeable nuclear accident with devastating consequences as "fairy tales." Even the topic of the GDR's own atomic bomb did not come up for discussion in the group: "The question does not exist, it will never exist," Fuchs said. In the Soviet bloc Moscow has the nuclear monopoly.

9581
CSO: 2300/314

PETROLEUM SUBSTITUTION PROGRAMS DESCRIBED

East Berlin DIE WIRTSCHAFT in German Vol 36 No 4, 9 Apr 81 p 23

[Article by Mariano Pelagalli and Hein Klare, GDR Academy of Sciences: "The Substitution of Petroleum in the National Economy"]

[Text] World supplies of mineable coal are about eight times larger than the deposits of obtainable oil known today. Geological supplies of coal represent a potential reserve for several centuries, with which mankind can be supplied with carbon dependent products, even if demand rises.

Against this, oil is the current international preference because it can be easily obtained, transported and refined, compared to coal. In 1980 about 3 billion tons were processed, about the same amount as for hard and soft coal. It can be foreseen that oil deposits will be exhausted in a short time historically, and the cost of drilling and refinement of crude oil will continue to climb. This is forcing consideration worldwide of how oil and oil products can be used more efficiently, with the aim of using them preeminently as chemical raw materials.

Basically the economy of the GDR has available for its use Soviet oil and natural gas as well as the main source of energy, its own lignite. If coal supplies worldwide are sufficiently large to ensure the future, our economy has the additional task of using lignite more efficiently, since our deposits will allow current rates of mining for only 80 to 100 years.

The extensive expansion of generating station capacity based on lignite is being restricted by this fact today.

However, the first significant step that the economy must take in the plan for the next five years is a far-reaching diversion of heating oil from being burned to more intensive refinement. That is to say, it is a question of substituting coal and natural gas for heating oil.

In the future, oil should be used preeminently in a material-economic fashion, with the aim of seeking more intensive refinement of oil. Currently 50 percent of our oil is being used to produce energy as heating oil. But the combustion of oil constituents is inefficient, since the cost of synthesizing them from hydrocarbons or of obtaining them from coal is higher than the combustion heat obtained.

With the startup of a cracking and aromatic complex at the Schwedt combine, heating oil yield is being reduced and a greater proportion of petroleums, diesel fuels, aromatics and olefins is being manufactured.

Previous consumers of heating oil must be gradually shifted to other sources of energy, primarily to lignite and natural gas. The lignite will be used as rough or screened coal, as coal dust or as dried lump coal. Heat plants and heat generating plants are being shifted to operation on unprocessed lignite. Transporting the unprocessed coal over distances of more than 100 km must be avoided, since it contains about 50 percent water. For consumers at greater distances from the pitheads it will be necessary to dry the coal to a water content of 20 to 30 percent in order to lower transportation costs and to make the use of lignite more effective.

For burning and drying processes pulverized fuel is being manufactured, which is used primarily in the cement industry, in the manufacture of coarse ceramics, in the drying of phosphate, in the manufacture of gypsum and sulfuric acid and in various other technical drying processes. In the long term a greater material-economic use of lignite is necessary, since oil reserves are limited. We will increasingly apply the removal of valuable coal constituents before they are used for energy and the planned manufacture of chemical raw materials from coal or from coal gasification and subsequent synthesis.

The share of nuclear energy (nuclear power plants and in future quick breeders as well) in the generation of electrical energy, which is currently about 10 percent in the GDR, must be futher increased so that enough lignite remains after the year 2000 for material-economic use. The splicing in of process heat, which is created in high-temperature nuclear reactors, can help to save our fossil carboniferous resources.

Production of Synthetic Gas

The synthetic gas needed for large chemical syntheses and the hydrogen needed for hydrogenation can be produced both by the splitting of oil tailings and of natural gas and by the gasification of low-temperature lignite coke or of lignite.

Currently about 15 percent of the volume of synthetic gas is produced in Winkler generators (Leuna combine and the combine factory Zeitz of the PCK [Petrochemical Combine] Schwedt). Coke yielded during gas carbonization of lignite briquets is the gasification material.

Expansion of this raw material base and of the capacity to manufacture synthetic gas from lignite is planned. To this end, the gas combine Black Pump is developing a process to gasify pulverized coal under pressure. The gas can be manufactured either as synthetic gas or as sewer gas.

Since the normal unprocessed lignite deposits of the GDR are balanced to supply the major power plants and as raw material for conventional coal processing, silt-bearing lignite must be used as the raw material for gasification. The deposits at the Wallendorf, Egeln and Luetzen sites make up about 10 percent of the unprocessed coal deposits in the GDR.

Through gasification and subsequent syntheses chemical raw materials and intermediate products such as urea, ammonia, methanol, phosgene, hydrogen and higher alcohols are made available. Additionally, a gas can be prepared for metallurgy to yield porous metal after the direct-reduction process.

Degasification of Lignite

In the GDR the lignite processing works Espenhain and Deuben and the combine factory Boehlen of the PCK Schwedt are carrying out gas carbonization of lignite briquets, which consumes about 6.5 percent of the lignite mined.

The reconstruction of the low-temperature carbonization plant as Espenhain is planned in order to guarantee a stable supply of 500 kilotons of tar and 1,500 kiltons of low-temperature coke annually to the economy.

Low-temperature tar can be used to manufacture electrode coke for the production of electrodes and anodes and oils for fuel production. Phenols and pyrites for the chemical industry are also produced.

So far ketones, quinolines and other high-value coal constituents have not been derived, since the suitable processes have not been available. Low-temperature coke is a suitable raw material for gasification to produce synthetic gas using the Winkler process. The Soviet Union is also developing a layered turbulence gasification process, whose suitability for use in producing low-temperature coke still has to be invesitgated.

Low-temperature coke is a pollution-free, smokeless fuel which is used to generate energy in industrial power plants. Gas recirculation is an effective method of processing coal, reaching an energy efficiency of over 80 percent. With the reconstruction of the low-temperature carbonization plant the tar yield of the furnaces and the availibility of the plant should be improved. Plans call for a reduction in harmful emissions as well.

An additional degasification process, which is being used in the GDR in the Black Pump gas combine and the Lauchhammer lignite processing works, is high-temperature lignite coking. The high-temperature lignite coke is being used to supply the populace, industry and other areas of the economy with a smokefree fuel for the production of carbide and for ore sintering.

The resulting light- and middle-distillates are refined into fuels, while the phenols are used as raw material in the chemical industry. The tar will be used for the future production of electrode coke.

Coal Liquefaction

In addition to the hydrogenation of tars, a further way of obtaining high-grade energy sources and chemical raw materials from coal is coal hydrogenation using the Bergius-Pier method and obtaining extracts by the Pott-Broche process.

The hydrogentaion of lignite can take place at temperatures of 573° to 773° Kelvin and at pressures of 200 to 700 bar. A Bayer mass is mixed with predried coal as

a catalyst. At standard pressure about 2,500 m^3 of hydrogen was required per ton of petroleum.

A modified development of this process to meet toda 's requirements is expected through the Carbochemical Scientific-Technical Center.

Another possibility of obtaining hydrogen-rich hydrocarbons is extraction by the Pott-Broche method using hydrogen donors.

To increase extraction yields, lignite can be treated hydrothermally, when the coal is heated with saturated steam at temperatures around 573° Kelvin or a coal-water-suspension is introduced and can be used as the hydrogenation agent carbon monoxide. This process is currently being developed by the Academy of Sciences of the GDR.

If one compares the costs of the various coal purification processes used to produce high-grade energy sources and chemical raw materials, it can be seen that 6 to 10 million tons of unprocessed lignite are needed to replace 1 million tons of oil (see figure). Added to this are the higher investment costs and a larger labor force than is required for oil refining.

Besides increasing the number of existing coal processing plants, it is necessary to develop new methods in order to expand the supply of raw materials for the chemical industry over the long term through carbochemical processes.

The replacement of heating oil, which must take place much more rapidly, will result in a rise in the amount of unprocessed lignite to more than 250 million tons annually. It will be problematic to maintain this rate of mining over the longer term, so nuclear power assumes an increasing importance.

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TRADE UNIONS DEEMED IMPORTANT IN MANPOWER RELOCATION

Budapest NEPSZABADSAG in Hungarian 13 Aug 81 p 5

[Interview with Ferenc Kiraly, chief secretary of the Zala Megye Trade Union Council, by Laszlo Karacsagi; place and date not given]

[Text] The direction and character of labor movement, and the related social, group and individual interests have changed several times in the past years. Accordingly, the union also had to update its safeguarding of interests. Was it possible to keep in pace with progress? What are the most important local experiences and tasks in labor management? These were the questions raised in our interview with Ferenc Kiraly, chief secretary of the Zala Megye Trade Union Council.

From Surplus to Shortage

[Answer] No matter what part of the country he happens to be in, a man from Zala megye will always meet someone from his home megye, says Ferenc Kiraly, beginning the conversation. Many people moved away from this land, for historic reasons. There was much poverty and a lack of jobs in the megye both before and, for a long time, after the liberation. The situation began to change later but even in the early 1960's, more people per 100 moved away than in Szabolcs-Szatmar megye. At that time, the union considered as one of its fundamental tasks the creation of more job opportunities. We, as of course all other megye organizations which had anything to do with employment policy, were under tremendous pressure. What new plant should be built and where? Who should be employed in it? It was very difficult to answer these questions.

[Question] What led to the labor shortage?

[Answer] Rapid industrial growth (10 to 12 percent annually) began in the late 1960's. In 1973, people stopped leaving. And 1 or 2 years thereafter, total employment was achieved. There was a similar process in the neighboring megyes as well, which affected the movement of manpower. We continued with the construction of our investment projects: we opened a poultry processing plant and a cooling house in Zalaegerszeg, and the United Incandescent built a factory in Nagykanizsa. And when all this was ready or almost ready, it became apparent that there were places where we could not find enough workers. We had to change our employment policy. We introduced very strict regulations which were supposed to limit the movement of manpower or at least to direct it toward production units that are more efficient from the standpoint of the national economy.

Many people viewed this as an infringement on the right to choose one's job, criticizing the unions that they supported these measures. Our answer was that the primary function of the unions is to safeguard social interests. And this makes it necessary to use the available manpower as efficiently as possible, i.e., it should be used in the new and modern factories. Incidentally, we did not limit individuals in their right to choose their job; the only thing we did was to decide, in the order of importance, which factory may increase its staff and which one may not.

To Reduce the Number of Conflicts

[Question] Reorganization and shuffling of manpower, for the purpose of changing the production structure, have begun in the last years in this megye too. What stage has the process reached by now?

[Answer] The megye's factories are relatively new and up-to-date. This also means in practice that there is no need for any significant regrouping of manpower or for any change in the production profile. However, there are minor movements, of course. The enterprises and cooperatives began an extensive study in 1979 to explore manpower resources. As a result, a total of 430 workers changed jobs within the enterprises and 450 jobs were discontinued. The Crude Oil and Natural Gas Mining Enterprises and the Zala Megye State Construction Enterprise had the greatest staff reductions: their staff was reduced by 150 and 70, respectively.

The generally accepted method of staff reduction is not lay-off. By their own decision, the enterprises do not hire new employees and only partially fill vacant jobs. As a result of these measures, the industry had a staff decrease of 800 this year, the manpower movement is only three-fourths of last year's; work morale has also improved.

In the long run, however, this method of staff decrease has inherent dangers, for it may have an unfavorable effect on the labor structure. For there is no assurance that only dispensable employees will retire or look for another job.

[Question] The regrouping of manpower may cause many conflicts. Did you hear of such complaints?

[Answer] There are, of course, individual complaints which are impossible to eliminate entirely. Statistics corroborate this. There were 738 labor disputes in our megye last year; most of them were dealt with locally, only 70 were forwarded to the Trade Union Council.

In our opinion, the movement of manpower is taking place at present with no significant conflicts. There was not a single case in recent years which excited a lot of interest. The United Incandescent took over the Precision Mechanics Enterprise. Four hundred out of 1,000 employees were assigned to making light fixtures, but there was nothing to do for the remaining 600. They were making water softening equipment. This profile was not part of the Incandescent's production and plans and thus it was slotted for discontinuation. However, both the workers and executives were staunchly opposed to the plan. The dispute lasted 2 or 3 years until a solution was found: the unit was taken over, with the same profile, by the 4 April Machine Industrial Works.

[Question] What can the union do in such cases to safeguard the workers' interests?

[Answer] We urged the authorities to finally decide on the workers' fate, for there is nothing worse than being up in the air.

In general: in such cases, the task of the enterprise union organs is (and we expect them to carry it out) to observe the ideas of the enterprise's economic management and help it to implement them. In changes that affect the workers, it is extremely important to make an appropriate preparation for the change, e.g., in manpower regrouping all affected workers must be informed in due time, and the possibilities must be in harmony with individual objectives. In addition, they must be given adequate time and a chance, of course, to learn their new tasks without any financial loss.

With the Union's Help

[Question] Do the unions have enough power and authority to affect employment policies at all levels?

[Answer] There were some people who criticized us because in the past years we allegedly "did not veto enough" executive decisions. But there was no need for more veto. This does not mean, of course, that the union agrees always and totally with the economic management and its decisions in labor and other things. The point is, rather, that the economic management does not allow the conflicts to grow to the point where a veto may result; instead, they strive to find a solution rapidly that is acceptable for the union as well.

On the other hand, it became general practice that the enterprise union organizations are solicited to take part in the planning and the preparation of decisions: the new programs and proposals are mostly discussed in a wider circle with the union's consent.

[Question] Does the union have such an authority in the workshop, in the office, in the factory?

[Answer] Here we have many more problems. As it is known, the stewards' rights and authority extended significantly in recent times. It is our general experience that most of them meet the new requirements and gain the respect necessary for their work. But there are economic managers who still do not consider the steward as a partner and do not ask for his opinion.

The stewards play a big role in manpower management. For they are the ones who first recognize local conflicts and are important links in the workers' chain of information. And their work is the area where the unions' role and authority in avoiding or eliminating conflicts must be increased even more in the future.

9414
CSO: 2500/357

BANKING REFORM, ROLE IN ECONOMIC PLANNING ENHANCED

Warsaw DZIENNIK USTAW in Polish No 17, 10 Jul 81, pp 193-195, Item 82

[Text of Banking Law revision dated 3 July 1981]

[Text] In order to increase the role of banks in the planning system and in order to create conditions for a comprehensive banking system reform the following is enacted:

Article 1. In the law dated 12 June 1975 [Banking Law] (Dziennik Ustaw [Dz.U.] No 20, Item 108) the following changes are made:

1) In Article [Art] 4;

a) in section [sec] 2, the words: "of Finance Minister" are amended to read: "of Bank Council presented after coordination with the Finance Minister,"

b) in sec 3, the words: "of Finance Minister" are amended to read: "of Council of Ministers,"

c) sec 4 is deleted.

2) Following Art 4, articles 4^1 and 4^2 are added with following text:

Art 4^1.1. The coordinating and consultative organ of the banks is the Bank Council.

2. The Bank Council is composed of:

1] The president of the Polish National Bank [NBP],

2] Bank presidents (bank directors) of banks operating on a national scale,

3] Representative of the National Council of Bank of Food Economy,

4] Representative of the Chairman of Planning Commission of the Council of Ministers,

5] Representative of Finance Minister.

3. The president of NBP will perside over the Bank Council and will represent it to outside interests.

Art 4^2.1. The purpose of the Bank Council includes:

1] preparation of assumptions of guidelines for monetary and credit policy,

2] consultation on draft plans pertaining to credit, national balance of payments and monetary balances of citizen's incomes and outcomes,

3] review of bank statements pertaining to the realization of monetary and credit policies, credit plan, national balance of payments and citizen's incomes and outcomes,

4] review of analytical and prognostical reports which were presented to the Council of Ministers,

5] consultation on drafts of legal acts pertaining to the amount of credit interest rate and monetary funds or banking statements and banking fees and commissions,

6] consultation on drafts of legal acts pertaining to the banking system and the establishment of detailed principles of organization of such system.

2. The Bank Council, within the framework defined by law, will undertake resolutions which shall be binding on all banks.

3. In case of conflict between the Finance Minister and the Bank Council, relative to a specific resolution, such conflict will be resolved by the Council of Ministers.

4. The president of NBP will oversee the execution of Bank Council's resolutions.

5. The specific extent and mode of operation of the Bank Council will be defined by the Council of Ministers.

3) In Art 8, sec 4, and in Art 9, the words: "Finance Minister" are amended to read: "President of NBP."

4) In Art 11:

a) in sec 2, delate words: "and the Food Economy Bank." Also, the words: "Finance Minister" are amended to read: "Bank Council as coordinated with the Finance Minister,"

b) following sec 2, add sec 3, which reads as follows:

"3. The statute of the Food Economy Bank will be voted in accordance with the provisions of the law governing cooperatives and their unions. Its resolutions, within the extent that this bank will conduct a national bank function, should be in accordance with the instructions from the Council of Ministers."

c) temporary sec 3, is hereby renamed sec 4,

d) temporary secs 4 and 5 are deleted.

5) In Art 13, sec 1, the words: "Finance Minister" are amended to read: "Bank Council" and word: "to order" is amended to read: "to resolve."

6) in Art 20, sec 1, is amended to read:

"1. The annual balance sheet and the annual statement of NBP, after a review by the Bank Council, together with recommendations coordinated with the Finance Minister, pertaining to apportionment of profits, will be presented, during the time period ending on 30 April, of the year following the reporting period, for confirmation to the Council of Ministers.

7) In Art 21:

a) in sec 1, the words: "of Finance Minister" are amended to read: "of Council of Ministers,"

b) secs 3, and 4, are amended to read:

"3. The president of NBP is appointed and recalled by the Sejm, on a recommendation of the Premier of Council of Ministers. NBP president takes part in Council of Ministers' meetings.

4. NBP vice presidents are appointed and recalled by the Premier of Council of Ministers on a recommendation by NBP president, other members of NBP directorate are appointed and recalled by the NBP president."

c Following sec 4, add sec 5 which reads as follows:

"5. The president of NBP will issue directives as authorized by law."

8) in Art 25, the words "Finance Minister on recommendation by NBP president" are amended to read: "NBP president in coordination with the Finance Minister."

9) in Art 26:

a) in sec 1, the words: "Finance Minister on recommendation of the NBP president" re amended to read: NBP president,"

b) in sec 3, in words "Finance Minister" are amended to read: NBP president."

10) in Art 27:

a) sec 1, is amended to read:

"1. Monetary instruments which, because of use or abuse, do no longer come up to the standards set by the NBP president will lose their legal monetary value. The conditions for exchange of such monetary instruments will be defined by the NBP president."

11) in Art 28, sec 2, is amended as follows:

"2. NBP president sets a cash plan which will delineate the extent of growth or reduction of money in circulation."

12) in Art 29:

a) sec 2, is amended to read:

"2. NBP president presents to the Council of Ministers, for confirmation, draft of the credit plan, following consultation with the Bank Council."

b) added sec 3, will read as follows:

"3. The Council of Ministers will present to the Sejm, together with the national budget plan a credit plan and a plan for monetary balance."

13) in Art 32, sec 2, the words: "to the Finance Minister" are amended to read: "after consultation with the Bank Council to the Premier of the Council of Ministers and to the Finance Minister."

14) in Art 38, sec 2, the words: "Finance Minister" are amended to read: "NBP president."

15) Articles 43-49 are amended to read:

"Art 43.1. Activity of the Food Economy Bank is in the hands of its directorate. The head of the directorate is the bank president who, together with the directorate, is responsible for the activities of the bank and for achievement of assigned goals, he also represents the bank in outside activities.

2. The members of the Food Economy Bank directorate include: the president, vice presidents, other members of the directorate including those who perform those functions socially.

Art 44. The following constitute organs of the Food Economy Bank:

1] national -- National Congress of Delegates
-- National Council of the Bank
-- Bank directorate

2] regional -- Voivodship Congress of Delegates
-- Voivodship Councils of the bank

Art 45. The constitution of the Food Economy Bank describes in detail:

1] objectives, basic tasks and activities,

2] bank organization, principles of directorate's activities and the president, the methods of opening and closing of branches and other operational locations,

3] composition and precedure for calling national or regional organs o. the bank and their tasks, determination of different types of centralized funds of cooperative banks,

4] own funds and general principles of fiscal economy.

Art 46.1. The president of the Food Economy Bank is appointed and recalled by the Premier of the Council of Ministers on a joint recommendation of the National Bank Council and the Finance Minister.

2. Vice presidents and other members of the directorate of the Food Economy Bank are appointed and recalled by National Bank Council on recommendation of the Food Economy Bank president after coordination with the Finance Minister.

3. The method of appointment, recall or suspension of members of the directorate is prescribed in the Food Economy Bank's constitution.

Art 47.1. The following are authorized to issue statements pertaining to meaning of the law and propertiary responsibilities as they pertain to the Food Economy Bank:

1] bank president,

2] two members of the directorate,

3] one member of the directorate and an authorized plenipotentiary, within the limits of his authorization.

2. In order to facilitate the carrying out of the prescribed activities and specific acts, the directorate may appoint a plenipotentiary who can act alone, however, only within the limits of his authorization.

Art 48. Cooperative banks act in accordance with the provisions of the law governing cooperatives and their unions as well as the provisions of this law and are subject to registration in the register of cooperatives.

Art 49. Cooperative banks are formed to serve the population and administrative units which located within the sphere of the cooperative banks' activities. Persons so served live basically on the territory of a single gmina or city.

16) In Art 51:

a) in sec 1, item 2, delete words: "within the sphere and on the principles defined by the Finance Minister."

b) sec 2 is deleted.

17) Art 60 is deleted.

18) in Art 61, after words: "through the Finance Minister" add: "after consultation with the NBP president."

Article 2. Until such time when proper organs will issue implementing regulations in accordance with Article 1, above, the regulations currently in force will remain binding.

Article 3. This law becomes effective upon publication.

Signed

President of the National Council H. Jablonski
Secretary of the National Council E. Duda

9511
CSO: 2600/324

IMMEDIATE REFORM URGED TO FACILITATE NEW MINISTRY EFFECTIVENESS

Warsaw TRYBUNA MAZOWIECKA in Polish 5 Aug 81 p 4

[Interview with L. Szalajda, minister of Metallurgy and Machinery Industry by Waleria Mikolajczk, date and place not given]

[Text] A month after the Ministry of Metallurgy and Machinery Industry was created to replace the three ministries of Metallurgy, Machinery Industry and Heavy and Machinery Industry, a press conference was called by the new industry during which its head, minister L. Szalajda, responded to numerous questions from the reporters.

The reporters wanted to get a comprehensive picture of the activities and intentions of the new ministry, and it must be said that from the minister's answers--after they have been arranged--such a picture emerges. Therefore, the undersigned considers it appropriate to cite here almost in their entirety both the questions and the answers, changing at times only their sequence in order to obtain a logical whole.

[Question] Will the new ministry be something more than the sum of the three old ministries, what will be its shape and mode of action?

[Answer] Combining the three ministries was not a goal in itself, but the consequence of activities in the direction of economic reform. If it is carried out--and I have been and am its advocate--the creation of a new system of control and management of the economy has to be acknowledged as one of its elements. The new ministry must, therefore, be an organ which will fulfill management functions in conditions of economic reform. In my opinion, that depends, among others, on the minister's not being, as he has been up to now, a representative of the interests of his own administrative branch but, on the contrary, a representative of the total governmental and social interests of his branch, an achiever of the administrative program, even though at times it might be detrimental to his own branch. Our new ministry will be better able to achieve these total social goals, since it now has at its disposal a very considerable industrial potential: between 10 and 20 thousand plants employing about 1.6 million people.

What we have already succeeded in doing in a short time for agriculture can serve an an illustration of the advantages resulting from combining the three industries into one organ. We have already held a series of meetings with the people responsible for the production of farm machinery, and in just a few days a detailed plan

to increase production will be ready: how much of what kind of machinery, in which plants, with the help of what means will be known. All industry responsible to the ministry will implement, as a priority, co-production tasks for the production of farm machinery. In metallurgy all production for agricultural needs has been designated as a priority. It has been decided to raise the import ban of small parts for farm machinery.

[Question] But how will the model of the new industry specifically look?

[Answer] We are cooperating to work out such a model with Professor Baka, the minister of economic reform. We are in the process of working out this model, although there are differences of opinion between us. According to my expectation the reform can begin to have an influence at the enterprise level no earlier than in the third quarter of 1982, and for the level of organizations with authority over the enterprises--by the end of the next year at the earliest. But in the meantime something must be done. An example: at this moment all correspondence comes to the ministry in such a way and demands that matters be dealt with in such a mode as if no changes had occurred, as if there had been no merger. Someone must deal with this. Thus, in the meantime do I have to have some kind of apparatus or not? Well, Professor Baka is of the opinion that the ministry's structure should be established so that it would immediately adjust to the economy's ultimate model, whereas I consider that for the time being it has to be functional during the transition period.

[Question] But are any kind of specific plans by the ministry regarding this structure and mode of action?

[Answer] They are very far advanced, almost completed plans. The structure of the new ministry--I regard this as the most important--eliminates the system of branch management of the sub-sectors responsible to us. No one--including the state deputy secretary--will answer for any branch. The whole structure will be bloc-functional. Several blocs will arise, the deputy secretary will be responsible for each.

We foresee four basic blocs: the economic, whose task, among others, will be to create management systems and economic and trade systems; a developmental-technical-scientific; export-import; raw materials-materials. There will be one more smaller social-cadre bloc, which will attend to cadre politics by working together with the trade unions, the Sejm and the mass media. We also foresee the creation of a operational control of production bloc for the interim period to bring the industries to operate on bases of the reform. It will be divided into elements for controlling the present industrial tasks working on meeting the needs of the food economy, the machinery industry, the electrotechnical and electronic industry, as well as metallurgy.

[Question] How is the implementation of current tasks in the ministry?

[Answer] It has to be said that the implementation of plans is poor. The poor outcomes are a manifestation of the economy's general deep crisis. But even with the resources of raw materials and materials which are on hand, the outcomes could be better if the support for realizing these tasks were expressed in actions and not in words. Nothing stands in the way, for example, of producing more nails. The

materials for their production exist. However, the plant which makes them has given itself a shorter work week. The machines are standing, and there are no nails on the market. Why, the Plock Harvesting Machinery Factory soberly went to work, raised the production of even new stocks: hay-raking machines, drying plants. The realization of tasks will be even better than planned.

So it is a matter of people, climate, plant management and of trade union and party echelons. Why, in other plants is all the energy of good directors expended on disputes with trade unions, on pondering over complaints that the director had not allowed them something mentioned in the bulletin or mass media. Conflicts arise as to whether in general this director should be there or not, or whether one can employ former secretaries. And the work lies undone. Also nothing is standing in the way of taking advantage of the authorizations conferred by resolution 118 to introduce certain elements of economic reform in the plants now. No one is giving thought, for example, to eliminating over employment and assuring equitable wages for the remaining workers and an appropriate work output for the plant. The process of shifting the labor forces does not have to be, after all, controlled from above. It can be spontaneous.

[Question] You have spoken here a little about activities on the behalf of agriculture, but what specific actions aside from programs has the ministry taken to assist that sub-sector of the national economy?

[Answer] The association "Agroma" has been instructed to prepare lists of domestic metallurgical products of unsuitable quality going to plants which produce farm machinery and also lists of imported metallurgical products which are lacking. On the other hand, the distributor association Centrostal is directing the orders for each of these stocks to a specific steelworks, which will have to acknowledge the order.

[Question] That means that it will be done again by the directive-distribution method. What does this have to do with reform?

[Answer] It is easy to talk about sabotaging the reform, but the reform is not yet in operation. Thus for the time being I must still have some kind of authority in order to demand a certain production. The worst part is that if I want to demonstrate that authority, the plants do not listen to me. At one time I could curb them with capital expenditures. Now there are hardly any capital expenditures. What can I do to them? Lower the wage-fund, the employment? After all, they have resolution no. 118. That is precisely why I favor intorducing the reform as quickly as possible.

[Question] Where do you find resistance to the reform?

[Answer] Those setting up barriers can be easily found everywhere, but they are a margin that matters little and small in number. I have seen them everywhere where people want to spoil something by overelaborating it. Is such "prolongation" of the matter of autonomy necessary? Would it not be better if we already had that statute? Perhaps the matter of electing or naming a director is important, but is it worth squabbling about? The formulations in the government's proposal are completely acceptable. A second category of people setting up barriers to reform

are those otherwise completely decent people who seriously doubt whether a rapid, radical reform is generally possible. Finally, I have seen a third category of individuals hampering the reform in the enterprises. There are a considerable number of people there who "shoot in the air" instead of getting down to work and introducing those elements of reform which can already be realized.

[Question] What kind of contraindications do you see to influence enterprises with exclusively economic tools while "remitting" to yourself the matter of naming a director?

[Answer] It is a matter of the State's having its own representative in the elements of the economy, an agent who will represent the State's interests. Perhaps in 4 or maybe in 2 years it would be possible to return to the eligibility of directors. But today that would greatly impede management. It would be unreasonable to constrain social interest.

9541
CSO: 2600

PROSPECTS FOR DEVELOPMENT OF MARITIME FLEET ANALYZED

Development of Ocean Line

Warsaw BUDOWNICTWO OKRETOWE in Polish No 1, Jan 81 pp 12-15

[Article by Ryszard Ulanowski, Master of Engineering and Technical Director of Polish Ocean Lines; Piotr Dzida, Master of Engineering, Head of Department of Maritime Capital Investments at Polish Ocean Lines: "Evaluation of the National Shipping Industry in the Development of the Polish Ocean Lines Fleet"]

[Text] The stormy development of the size of the world fleet which began in the 1960's underwent a sudden collapse in the mid-'70's. Fluctuations in the situation of liquid and bulk cargo transports had a direct effect on the demand for ships of this type. Shipyards which were being expanded at the turn of 1960/1970 with the intention of building large tankers and bulk-cargo ships were forced to drastically reduce their production and even change the production profile.

A different situation existed in regard to ships used for transporting dry and not bulk cargo or, in other words, general cargo. In this instance, such a sudden collapse was not noted and the demand for new ships of this type did not undergo greater deviations from the holding trend of growth. Nevertheless, the world economic situation exerted an enormous influence on changes in the structure and quality of the world fleet intended for the transport of general cargo. Several increases in the costs of fuel, crews, servicing of ships in ports, repairs as well as worsening conditions in trans-loading in most ports of the world forced such and not another road of development.

In the 1970's, two directions became apparent which had a substantial influence on the development of ships for the transport of general cargo and which issued forth from the vital necessity of rationing the costs of investments, maintenance and operation. The first direction was the introduction and expansion with increasing momentum of the use of new technological forms of transport, of loading and unloading general cargo; the substituting of the until recently dominant in this field of maritime transport conventional ships with specialized ships, such as: semiconductor ships, container ships (ro-ro [roll-on-roll-off]), vehicle-carrier ships, LASH ships, multi-purpose ships.

An example here may be the growth of the world fleet of vehicle-carrier ships (ro-ro), presented in the table below:

Table 1. Number of vehicle-carrier ships (ro-ro [roll-on-roll-off]) in operation.

(1)	(2)	(3)	(4)
1970	341	[illegible]	[illegible]
1973	518	1 280 636	1 532 980
1976	624	1 861 737	2 [illegible]
1979	720	2 972 844	3 [illegible]

1. Year
2. Number
3. Gross Register Tons
4. Deadweight Tons

New transport techniques result from changes in the form of cargo which has undergone unitization and is transported in containers, pallets, bolsters, port trailers (roll trailers), etc.

This turning-point in liner shipping service has already become permenently set and is now an accomplished fact from which there is no turning back. The problem at the present moment is based only on the numerical ratio between these forms in their respective relationships and on adpating to the ports and infrastructure of the serviced geographical region. The above will dictate the acceptability of an appropriate concept of a ship type or its series.

The huge capital intensiveness of every such modern investment should be stressed because aside from the cost of purchasing a ship, the cost of containers, bolsters, port trailers should also be included bearing in mind the number of several complete sets required for each ship depending on the frequency of voyages made, the number of base-ports and radius of the land area serviced by these ports.

However, the effects of these new undertakings exceed considerably and are incomparable with the results obtained from a conventional method of operation. The shipowner who does not keep pace within this process is in danger of the inevitable decline in performance results, the shrinking of reserves intended for development and in effect being unable to continue existing.

The second direction which appeared in the last decade was the achieving of the greatest fuel conservation and improving the performance of propulsion systems. Several price increases in fuel indicated the need for a new outlook on the matter of ship speed in regard to the profitability of a given shipline's service.

The average fuel prices in dollars took on the following appearance in recent years:

Table 2. Fuel prices

Cena paliva

Tabulka 2

(1) Rok	(2) Palivo topivo 1500 Sek RI	(3) Palivo vznětové
1971	20	30
1975	75	105
1980	180	230

1. Year
2. Heavy fuel 1500 Sek [expansion unknown], RI [expansion unknown]
3. Engine fuel

The furious trend for the obtainment of increasingly higher speeds in newly built ships noted in the 1960's has succumbed to a significant slowing down. Even though, matters of competitiveness in the service offered, the necessity for maintaining regular schedules, etc. are still taken into account--the shipowners are generally moving away from the high speeds even in the existing ships, reducing their operating speed well below that which was assumed while building several years ago. The anticipated expansion in the early 1970's of turbine propulsion (steam and gas) as well as the dominance of medium-speed engines over internal-combustion propulsion did not come about.

Instances of converting power plants into internal-combustion plants are even being noted while the low-speed engine has strengthened its position considerably. Tests of using the heaviest fuels even as high as 6,000 sRI together with coal dust are being conducted.

The solution which has as its objective, the attainment of the greatest fuel conservation and increasing propulsion efficiency while in use is finding an increasingly widespread application:

--selection of a special hull shpae,

--reduction in the number of rotations of screw propellers,

--application of special paint coatings such as the anti-lichen, self-polishing system.

Ways are being sought for the most economical propulsion of power generators on ships through the use of shaft generators, turbo generators supplied by waste-recovery boilers utilizing to a mazimum the waste-heat from the main engines.

State of Affairs of the PLO [Polish Ocean Lines] Fleet in 1980

The state of the PLO fleet on 31 December 1979 was as follows: 172 ships with a deadweight of 1,118,993 tons; in this number there were:

15 ships up to 4 years old
25 ships from 4 to 8 years old
33 ships from 9 to 12 years old
71 ships from 12 to 20 years old
28 ships over 20 years old.

In recent years, PLO received a new series of ships which, at least to a certain degree fulfill the requirements of modern transport technology:

Semi-Container Ships

Type B-438--"FRANCISZEK ZUBRZYCKI"	--7 units
Type B-467--"JOZEF KONRAD KORZENIOWSKI"	--3 units
Type B-340--"PROFESOR MIERZEJEWSKI"	--3 units
"JACEK MALCZEWSKI" built in Canada	--4 units

Vehicle-Carrier Ship (Ro-Ro)

"INOWROCLAW"--7,000 deadweight tons; built in Finland.

Railroad Ferries

Type: "MIKOŁAJ KOPERNIK" built in Norway --2 units.

Refrigerated Ships

Type B-437--"DZIECI POLSKIE" --2 units.

The reconstruction of five small ships was also carried out by adapting them to the transport of containers and a purchase was made of one small vehicle-carrier ship (ro-ro)--"STAROGARD GDANSKI."

The remaining ships of our liner fleet are conventional ships not adapted to the needs of modern operation.

The unfavorable state of affairs was increased by the lack of possibilities for the realization of our 1976-1980 plan which envisaged the delivery of 44 domestically made ships (565,000 deadweight tons) and 7 imported ships (81,000 deadweight tons); altogether 51 ships (646,000 deadweight tons).

This plan was realized to the extent as follows:

domestic deliveries	--14 ships (153,000 tons)
imported deliveries	-- 7 ships (81,000 tons)
for a total of	--21 ships (234,000 tons)

which constitutes 41 percent of the perceived number and 36 percent of the deadweight tonnage.

The above list would not even require any comments, if it were not for the fact, that among the above mentioned 44 ships contained in our 1976-1980 plan and confirmed as deliveries from our own domestic shipyards by the interministerial agreement between MPCiR [Ministry of Heavy and Agricultural Machine Industry] and MHZiGM [Ministry of Foreign Trade and Maritime Industry], modern ships from the point of view of transport technology were expected, therefore, the following:

--con-ro [container-roll-on-roll-off] type ships at 19,000/23,000 deadweight tons,

--ro-ro vehicle-carrier ships at approximately 20,000 deadweight tons, 7,000 tons and 3,000 tons.

Many reasons contributed to the fact that these ships "did not make it" in the number of deliveries made by our shipyards. In other words, the completion of deliveries became so drawn out in time that, in effect, during the last, entire 5-year period we received ships planned and what's more, contracted for the first years of that period (1976-1980). Modern, badly needed ships which were anticipated in our plans for 1976-1980 were simply pushed beyond the 5-year period of 1976-1980. What is even worse, is that despite efforts made in the form of interventions, postulates, presenting the situation at forums of the highest ranking government and Party officials--from 1976, it has not resulted in the signing of any agreements for the building of new ships between PLO and CMIE "Centromor" [expansion unknown] acting on behalf of the Shipyard. We are faced with the necessity of searching for other possibilities of new ship deliveries. Based on the principle of credit purchases under a mortage lien, we have in recent years entered into contract with foreign shipyards:

--The shipyard--Marine Industries Limited in Sorel, Canada, for the building of four semi-container ships at 17,000 deadweight tons, load carrying capacity of 417 TEU [Twenty-Foot Equivalent Units] and a speed of 20 knots. The ships were delivered in the years 1979-1980 and destined for the Australian line and that of the Far East;

--The shipyard--Rauma Repola in Raume, Finland for the construction of a vehicle-carrier ship (ro-ro) "INOWROCLAW" at 7,000 deadweight tons, a load carrying capacity of 350 TEU and speed of 17 knots--the delivery took place in 1980 and was assigned to the English line;

--The shipyard--Chantiers Navals de la Ciotat and the shipyard, Chantiers de l'Atlantique in St. Nazaire--France for the building of four combination ships with chamber-container holds and part vehicle-carrier ships (ro-ro) with a conventional ramp commonly called, "Con-ro" ships at 22,000 deadweight tons with a load carrying capacity of 1,400 TEU and speed of 21.5 knots; delivery is predicted for 1981 and destined for the North American line;

--The shipyard--Astinerose Espanoles SA in Puerto Real, Spain, for the construction of 4 ro-ro type ships at 21,000 deadweight tons, load carrying capacity of 1,100 TEU and speed of 20 knots; delivery is predicted for 1981-1982 and destined for the Australian line.

1981-1985 Plan for Development of PLO Fleet and Potential for Its Ralization

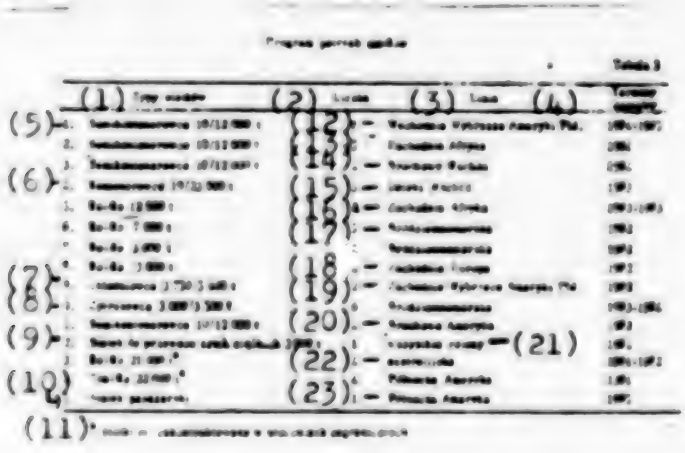
In 1978-1979, the 1981-1985 Plan for the development of the liner fleet was worked out at Polish Ocean Lines. The following were accepted as points of reference: the actual operating situation of individual lines, the need to scrap ships after they have surpassed 20 years in operation (67 ships at 431,096 deadweight tons) but above all, the need for introducing new transport technologies and specializations. The growth trend for the number of serviced lines was not envisaged.

In principle, our plan anticipates the retention of the existing services while expecting to change their quality. The introduction of new ships for various lines constitutes a, "to be or not to be" dilemma with the ultimate result of withdrawing from serving a given geographical region. The new plan also had to take into account the unaccomplished projects of the last 5-year period.

As a result of our own research and also on the basis of studies conducted by the Maritime Institute, we had presented to our department in mid-1979 a document, entitled: "A Verified Plan of the Tonnage Needs of PLO in the years 1981-1985."

This plan included the following ship types and anticipated delivery dates:

Table 3. Plan of ships needed



1. Ship types
2. Number
3. Line
4. Delivery dates
5. Semi-container ships 10/12,000 tons
6. Container ships
7. Refrigerated ships
8. Citrus-fruit carriers
9. Ship for transport of heavy pieces
10. Passenger ship
11. Ships already under contract of foreign shipyards
12. Eastern Coast of South America
13. West Africa
14. Mid-East
15. Far East
16. West Africa
17. Mediterranean
18. West European
19. Western Coast of South America
20. Central America
21. All regions
22. Australian
23. North America

The realization of this plan is becoming increasingly more pressing. Despite many long-time efforts, it has not been possible to obtain assurance to this very day for the realization of this plan through work commissioned to our domestic shipyards. The country's industry must finally declare itself in regard to its capacity for set-date deliveries of the particular ship series since it is known that, technical capacities do exist. The majority of ship types presented in the plan may be built in all of our shipyards. Despite the lack of an interministerial agreement or even contracts for the building of ships, intensive design work is being conducted by planning-design bureaus with the active participation of PLO; however, even with the most intensive work and the rapid overcoming of formal barriers that exist in the investment process, we realize that we may expect the accomplishment of our plan in the years 1983-1985, at the earliest.

We are of the opinion that the most important supplier of ships to PLO must be our country's own shipping industry. Calculations of the profitability of exports of ships built by our shipyards for foreign shipowners in relation to the profitability of operating these units by PLO, reveal unequivocally a decided advantage and gains for the national economy by virtue of operating the ships by our domestic shipowner.

A binding agreement between MHZiGM [Ministry of Foreign Trade and Maritime Enterprises] and MPMCiR [Ministry of Heavy and Agricultural Machine Industry] should be brought about as soon as possible; such an agreement should find the acceptance of the Planning Committee in the form of guaranteeing to PLO all deliveries encompassed by this plan.

Besides the above mentioned, most important argument for the building of the Polish fleet in Polish shipyards, attention should also be called to the other, by no means trivial arguments:

1. A domestic purchase does not encumber the country's foreign-exchange balance of payments;

2. The majority of ship types specified in the plan is contained in the production profile of our country's shipyards;

3. Simplification of ship designing resulting from the use of Polish regulations as well as knowledge of the domestic shipowners' requirements and on the other hand, the shipowners knowledge of our shipyards' technical capacities;

4. Greater possibilities of using domestic devices and equipment known to the shipowner;

5. Unification of domestic devices and equipment facilitates the shipyard's planning, purchases and assembly while it simplifies and decreases considerably the shipowner's costs of replacement parts management;

6. Avoiding foreign-exchange costs of inspection and simplifying procedures involving agreements, inspection and pickup of units.

In conclusion, we believe that a system of regular renovation of our domestic fleet in our own shipyards must come about, which will assure a rhythmic inflow of new

tonnage in proportion to the shipowner's needs without detriment to the expert activity of the shipping industry.

The purchase of ships abroad is a last resort, which according to us may be justified only in certain cases involving the building of special types of ships whose introduction into production in our domestic shipyards would be unprofitable.

The building of the, included in our development plan, new passenger ship to serve the Gdynia--ports of North America line requires a separate discussion. Because of the decision of MHZ GM to extend the operating time of the ship, "STEFAN BATORY" for another 4 years, the realization of building a successor for our passenger flagship in our domestic shipyards should already be currently ensured on the basis of the already worked out plan, through the collective efforts of the Shipyard "im. A. Warskiego" in Szczecin, for the ship--"POLONIA."

Due to the required several-year cycle of designing, preparation and the building itself of this complex ship, binding and definite decisions must be undertaken as soon as possible.

Evaluation of Technical and Production Potential of Repair Shipyards

The basic demand made by every shipowner in regard to a shipyard boils down to the delivery of a ship in keeping with its operational expectations and technical requirements. Unfortunately, in our case, this obvious postulate is met with serious obstacles. Many ships were delivered to PLO on the basis of "take it as it is for you may not get anything." As a result, series were produced which were adapted to PLO's needs by way of mutual giving in--on the one hand, a technically difficult modification of a completed design previously intended for a completely different shipowner and on the other hand, by way of changes in PLO's expectations.

That such practices must undergo changes should be obvious to both directly interested parties and probably also including the shipyards themselves. We consider it essential that mutual confrontations be conducted already at the proposal stage.

We wish to reaffirm our high opinion of our shipyards' design-planning departments--this is probably the brightest side of our cooperation with shipyards. It should only be regretted that in their practice up to now, the designers hands were overly tied down in regard to the use of innovative planning solutions and modern equipment. This was also the reason why certain demands made by the shipowners based on many years of operating experience remained only as wishes. Excessive restrictions proceeding on authority for the importing of equipment components very often brought fatal results. Very good design solutions become buried by the use of inappropriate, untested material and components. An example of this may be automatic systems solutions, where a few economical replacement components practically eliminated their usefulness under ship conditions and after several years or even months they were not even fit to be repaired.

The designing of hulls, power plants or superstructures does not arouse any greater objections on our part; the situation is worse in the designing of structural hitches related directly to trans-loading and transporting of cargo. Here the designers' lack of personal experience can be felt in the direct contact with the technology

of trans-loading in ports and that of transport, especially in regard to the most modern ship types.

We value highly the quality of ships produced in our shipyards, however, maintenance and the interior finish leave a lot to be desired. The reasons for this state of affairs are generally known--poor quality of irregularly supplied paints, lack of appropriate finishing material and tools for interior finishing work. Because of shortages in the shipyards' supply of a full range of products, certain installations are rescaled out of necessity.

The weakest point of the delivered ships are installations originating from the shipyards' sub-suppliers. The unfavorable opinion of their unprofessionalism has increased in recent years. In practice, there has not been an installation in the ships delivered in recent years that has not failed already during the warranty period.

For our part, we render ships accessible for experimental purposes and for testing while in use, of every prototype mechanism reported by ZPO [Shipbuilding Industry Union]. The experience gained from such cruises together with comments from first-time users, our crews, will serve the achievement of the best solutions. Unfortunately, our remarks do not always find understanding and are often ignored.

We hope that the present small group of equipment producers who fully appreciate the opinion given on the operation of their installations and use it to improve them, will expand with the assistance of the shipyards which, after all, are interested in a good opinion of their final products--ships.

Final Conclusions

We are witnessing serious changes in the structure and quality of the world liner fleet. The Polish shipowner should merge with this current of modernization with the effective assistance of Polish shipyards, which must constitute the main source for the systematic building of its fleet.

The best operational and technical indicators should increasingly typify this fleet. The joint efforts of shipyards and shipowners will serve this national endeavor.

Prospects for Tramp Fleet

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[Article by Pawel Bobryk, M.S., Polish Steamship Company--Szczecin: "Prospects for Expansion of Tramp Fleet and Ship Delivery Needs from Domestic Shipyards"]

[Text] Fleet Expansion up to the Present

The problem of prospects for tramp fleet expansion should be examined on the basis of the evaluation of development and potential up until now which is available to us at the threshold of the 1980's.

Popular opinion with which one can be met equally among people directly connected with the maritime industry as well as among laymen, refers to the decade of the 1970's as "the decade of the tramp fleet." I would like to conduct here, a synthetic

and at the same time critical evaluation of this expansion which will later on permit a better description of the conditions and prospects for further expansion. In the 1970's, dynamic expansion took place of the fleet of universal bulk-cargo ships (series of ships with a unit deadweight tonnage of 3,500-71,000 tons) and the building from basics of a fleet of tankers for the transport of crude oil (ships with a deadweight tonnage of 137-145,000 tons). The increase in the number of ships was not large (1971--108 ships; 1979--115 ships), however, there was a three-fold increase in the fleet's deadweight tonnage from 1,137 tons in 1971 to 3,227 tons in 1979. A not too large increase in the number of ships with a nearly three-fold increase in the fleet's tonnage is the result of a consistently conducted policy throughout the entire decade of the 1970's of rejuvenating the fleet by scrapping or selling ships that were worn out physically and morally [as published]. During this period, all ships of war-time construction were removed from operation (ship types such as, "LIBERTY," "EMPITE" and others) which at the end of the 1950's made possible the initiation of ocean related services by the fleet belonging to PZM [Polish Steamship Company]. All ships built in the 1950's were also removed, among these, the first Polish coal-ships (with the exception of the ship, "SOLDEK"). In consistently fulfilling the concept of building a modern, competitive fleet adapted to market demands, ships which did not meet these criteria were also removed from operation; e.g., part of the series of universal tramp ships, type B-512. In as much as the above outlined activities having for their goal the rejuvenation of the tramp fleet were consistently accomplished during the entire decade of the 1970's, so the purchase of new ships took place by leaps and bounds and was not a consistent attainment of the earlier described tonnage needs of the shipowner. Like the entire national economy, so the first-half of the 1970's was a period of rapid growth. During this time, deliveries of new ships amounted to 60 ships with a combined deadweight tonnage of 2,354,117 tons. The average tonnage of one ship increased from 9,400 tons to 27,100 tons.

The dynamic growth in the years 1971-1976 involved both the dry, bulk cargo transport fleet and the fleet for the transport of crude oil and petroleum products. However, there were various conditions on which the expansion of these groups of ships was based. The fleet of tankers was purchased within the bounds of the realization of a complex plan for the importing of crude oil by way of sea which constituted only one of its elements. The time-limit for undertaking an otherwise valid decision of building a petroleum terminal, a refinery and a fleet, although, objectively necessary was exceptionally unfavorable and until today has a bearing on the economic consequences of the realization of the entire plan with the fleet included.

However, this is not the place for the evaluation of this complex problem. It should be emphasized that the fleet of tankers constitutes the only group of ships which was ahead of the needs of Polish foreign trade and was at the same time stricken by a severe and long-lasting crisis in the world's freighter market. The expansion of the tramp fleet for the transport of dry, bulk cargo was characterized by a high degree of dynamics.

The growth indicator for the years 1970-1978 was 13.5 percent annually. Despite this, the fleet's transport potential tended below the needs arising from the supply of bulk cargos of Polish foreign trade (phz). A shortage in the fleet's tonnage in proportion to the optimal level required to satisfy the needs of phz resulted from the more rapid increase of phz's turnover by way of sea (approximately 13.8 annually

from 1970-1978), the extension of the transport lines of trade (the average transport distance increased from 2,333 nautical miles in 1970 to 2,934 miles in 1977) and the radical worsening of fleet servicing in our domestic ports.

The expansion of the Polish Steamship Company's fleet in the years 1971-1976 was dependent on the suppliers of ships from domestic and foreign shipyards. During those years, domestic deliveries amounted to 612,577 tons; i.e., nearly half of the deliveries of new tonnage for the transport of dry, bulk cargos.

The above presented data indicate that the first-half of the 1970's was a period of intensive development which introduced fundamental changes in the quality of the Polish tramp fleet's structure adapting it to the rapidly increasing turnover by way of sea of Polish foreign trade. A modern fleet of bulk-cargo ships was created which was capable of successfully competing with other transporters in terms of the standard of services offered and also in terms of prices. This made it possible for our domestic shipowner to take over the transport of much of Polish foreign trade's cargo remaining under the foreign control of transport. The created potential was, nevertheless, barely sufficient to satisfy the transport needs of Polish foreign trade and therefore, the fulfilling of an instrumental fleet function without the opportunity for a profitable and important in the balance of payments country--exporter of transport services (with the exception of the above mentioned Polish foreign trade cargo presently remaining under the foreign control of transport). At a moment when the large, modern potential of the tramp fleet created between 1971-1976 and the shipowner's position on the freighter market could have begun to bear fruit in the form of export of transport services, the expansion of the fleet was drastically halted. With a lower than in previous years but continuously high degree of growth of Polish foreign trade's turnover by sea which amounted to 7 percent annually during 1975-1978, a severe deficiency in tonnage began to appear from 1977. This deficiency was and still is, unfortunately, becoming worse by the lack of an appropriate port base and inefficiency of the entire transport in the hinterland. In order to maintain its position in the servicing of Polish foreign trade's cargo with much of it being under the foreign control of transport, the Polish Steamship Company was forced to charter foreign tonnage. The number of this fleet's charters increased astronomically from 1976 when 17 ships were chartered, which transported 41,000 tons, to 117 ships in 1978 with transports as high as 5,066 tons. Last year, a decline in foreign tonnage charters occurred. It was caused by a policy of "foreign-exchange conservation," whose effects were obviously felt in the amount of transports and their participation in the turnover by sea of Polish foreign trade which fell from 55.8 percent to 51 percent in 1979.

Expansion at a Halt

The above remarks were necessary even though they stray from the mainstream of reflections on the expansion of the tramp fleet in the second-half of the 1970's and the prospects for expansion during the current decade. I stated above that the expansion of the tramp fleet was drastically halted after 1976. Fundamental questions begin to appear as a result:

--What caused the halting of the harmonious and dynamic expansion of previous years?

--What are the consequences of this situation?

--What actions did the Polish Steamship Company take to change this situation?

--And finally, what were the reasons why the Polish shipping industry "turned its back" on the needs of the country's tramp fleet?

An answer to all the presented questions requires a thorough analysis of the conditions of expansion of the entire national economy in the decade of the 1970's, a description of the influence of the tramp fleet in terms of the turnover and effectiveness of Polish foreign trade and a critical analysis of the strategy of recent years for the fleet's expansion and that of the domestic shipping industry. I am hopeful that such a complex analysis will be completed as soon as possible and will make possible a description of the expansion strategy for both navigation and the shipping industry in the 1980's. At this point, it is enough to state that from 1977 to the present time the planned deliveries to the tramp shipowner amounted to four ships with a deadweight tonnage of 141,455 tons (in this number--one ship with a deadweight tonnage of 38,000 tons, delivered in 1977 constituted "a slip" from previous years. This is approximately 14 percent of the plan for tonnage deliveries contained in proposals of the 1976-1980 5-year plan. The domestic shipping industry was to deliver during that period, a minimum deadweight tonnage of 872,000 tons. The actual deliveries were 103,171 deadweight tons; i.e., approximately 12 percent of the expected deliveries for the 1976-1980 period. I have presented these figures intentionally in order to undermine the prevailing myth, even among professionals directly connected with the maritime industry, about the decade of the 1970's as the "decade of tramp navigation." Naturally, the achievements of the first-half of the 1970's are incapable of being undermined because this was a period of very dynamic expansion. However, we should be aware that in navigation, whether be it tramp or liner navigation, complete results are brought about only through harmonious development without the hindrances of 5-year plans of this or another form of navigation. With very high capital intensiveness of navigational expansion along with relatively short ship life, this statement has a double importance. At the present time, after a 4-year period (actually 6 to 7 years when taking into account the realization of orders for new ships) of halted expansion, it should be emphatically stressed that continued dynamic expansion of the tramp fleet is a necessity. The view that there is a necessity for investing in a capital intensive area of the economy which, in addition, would not be market production sounds simply indecent today. However, I will try to present below the as complete as possible reasoning, to the extent allotted by the limits of one article, for the argument about the necessity of continued dynamic expansion of the tramp fleet.

Plan for Expansion of the Polish Steamship Company's Fleet

At the threshold of the 1980's decade, the Polish Steamship Company has at its disposal a fleet with a deadweight tonnage of 3.2 million tons and an average age of not quite 7 years. At the same time, the shipowner has the established position, on many world markets, of a sound and competitive transporter. Transports which last year (1979) amounted to 33,298 tons (including our own and foreign tonnage taken under T/C [expansion unknown]) was composed of 89 percent Polish foreign trade's cargo which constituted 51 percent of tis turnover by way of sea. This is an enormous potential and yet highly insufficient both from the point of view of the optimal safeguarding of the interests of Polish foreign trade as well as that of the unused possibilities for a considerably greater, active effect on the shaping of

the nation's balance of payments. In working out the 1981-1985 plan for the expansion of the tramp fleet, the shipowner based itself on the following assumptions:

--the optimal level of the tramp fleet's participation in servicing cargo from Polish foreign trade, which should be attained in the next few years, amounts to 65 percent of the turnover by sea. On the basis of the latest "pessimistic" prognosis for Polish foreign trade's* turnover, the transport needs will be 40 million tons in 1985 and 45 million tons in 1990; i.e., 5 and 10 million tons respectively more than in 1980,

--despite the curtailed growth rate of Polish foreign trade's turnover by sea, the tonnage needs of foreign trade will continue to increase at a rate faster than the total world rate of turnover. This results primarily from the anticipated changes in the directional-geographic structure of turnover where a decided increase in transports on a maritime scale will take place with a decreasing proportional participation in the Baltic and European range,

--the achieved level of fleet expansion, its new structure and the shipowner's position on the navigational market make possible a much more active than until now influence on the country's balance of payments through an increase in the export of transport services. It should be noted, incidentally, that in recent years a decline in transports occurred to the advantage of foreign contractors resulting in a tonnage shortage and inadequacy in fulfilling the principal needs of Polish foreign trade,

--other factors, such as: lack of prospects for a substantial improvement in the services of both domestic ports as well as some foreign ones and prognosis for the shaping-up of the situation in the world's economy and directly in the freighter and tonnage market as well as others.

Based on the above assumptions and conditions, the plan elaborated by the Polish Steamship Company for the expansion of the tramp fleet until 1985 anticipates the delivery of 58 ships with a combined deadweight tonnage of 1,200 tons and the fleet's net increase to the amount of approximately 1 million deadweight tons. This plan includes ships, only for the transport of dry bulk cargo with a unit deadweight tonnage of from 3,000 tons to 60,000 tons. Deliveries of bulk-cargo ships with a deadweight tonnage of about 26,000 tons, 38,000 tons and 8,000 tons are given priority. The severe shortage in tonnage can already be felt at the present time with ships of 26,000 tons and 38,000 tons while ships with 8,000 tons, although in great demand, do not appear in the quantity structure of the Polish Steamship Company's fleet. The shipowner does not exclude building of specialized ships, such as: chemical cargo carriers, liquid gas carriers (NH^3) or ships for the transport of cement in bulk. However, this is strictly conditioned by definite needs and the transaction of long-term transport contracts with Polish foreign trade. I would also like to note the possibility of building bulk-cargo ships, "BALTIMAX," with a deadweight tonnage of approximately 120-130,000 tons destined primarily for the transport of iron ore. The building of such ships is conditioned, however, by the time-limit set for the completion of the ore cargo handling base and making it available for use in the North Port. Thus, it can be seen that the plan for the expansion

*Prognosis for the transport of bulk cargo by Polish fleet until 1990, Maritime Institute, Gdansk 1980.

of the tramp fleet is "conservative" in its structure, in the good sense of the word; i.e., it encompasses universal bulk-cargo ships, very well-known to the shipowner and which exhibit high operational efficiency. This is an important statement, in view of the currently prevailing discussions about voluntarism and lack of imagination, in reference to the effects of the undertaken investment decisions.

Fleet Expansion Financing

The preceding considerations have clearly shown, I hope, the growth of the fleet in recent years, assumptions and conditions of its expansion plan as well as the magnitude of the tramp fleet's tonnage needs. What still remains is the answer to the question, perhaps themost important one, namely regarding the source for financing this expansion and the role of the country's shipping industry. In the binding financial system of shipowner enterprises, there exists in practice, the possibility of increasing the fleet's transport potential in three ways:

--with cash pruchases of ships in domestic shipyards,

--credit purchases in countries of the II payments area [capitalist countries] under a mortgage lien and,

--through the creation of partnerships with mixed capital, appointed for the purpose of financing the building of the fleet.

The order in which the forms of financing were mentioned is not incidental and reflects the hierarchy which they should assume in the expansion of the fleet. The basic form of financing should be planned, cash purchases made in the country's shipyards. Two remaining forms of financing are envisaged to be supplementary forms. The actual practice in recent years was exactly the reverse; i.e., purchases under mortgage liens and the obtainment of tonnage by way of entering into partnerships with foreign partners constituted the major source of new ship deliveries.

This was an abnormal situation, unheard of in any country possessing a developed shipping industry potential and in my opinion, a situation which must undergo a radical change.

For Export or For the Country?

The question is often asked, whether the potential of the shipping industry is capable of providing for the needs of the domestic shipowners and to turn out a specified production for export and what should the proportions be between deliveries for the country's shipowners and export. This question is unfounded, rather it ought to be unfounded in the instance of a properly functioning economic system of accountability. The only criterion which should decide about the division of production into domestic deliveries and those for export ought to be the overall economic account of profitability. The current methods of profitability accounting, although formally possessing such a feature would in practice boil down to economic profitability in a given department. Each department, in turn, had its own priorities, limits, export tasks, etc. Together this would lead to the forgetting of the actual account of profitability and the national economic scale. In order for the above questions to be truly without purpose, a plan needs to be worked out, as soon as possible, for a system which would change the current situation. The pro-

blem is very complicated and required extensive discussion by all professionals connected with the maritime economy; the conclusions stemming from such discussion ought to be brought into effect, as soon as possible, in the form of appropriate legal actions. In leaving the open problem of a model of cooperation between the shipping industry and the domestic shipowners, I would like to touch upon yet another problem, namely, the often presented alternative whether specialized ships with a complex construction and technology should be built for our country's shipowners or rather ships of a simple construction intended for tramp navigation. Here also, as above, in the matter of the separation into domestic production and export, only a thoroughly conducted economic account should be a deciding factor. The opinion regarding the greater profitability of building specialized ships is valid but only in terms of cash transactions and with the accessibility of all markets to the domestic shipowner. In our country's present economic situation and the possibilities of purchasing ships abroad limited to a few countries, such an opinion is not valid. The answer is obtained only after an analysis of the specific conditions under which Polish ships are sold for export and compared to the purchasing conditions of Polish shipowners.

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SEFER INTERVIEWED ON TRENDS, ACCUMULATED PROBLEMS

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[Interview with Berislav Sefer, Belgrade University professor and member of the Croatian delegation to the Chamber of Republics and Provinces of the SFRY Assembly, by Boris Kutin]

[Text] In his most recent book "Socijalna politika" [Social Welfare Policy] Dr Berislav Sefer, full professor at Belgrade University and a member of the Croatian delegation in the Chamber of Republics and Provinces of the SFRY Assembly, has portrayed many things rather differently from the usual assessment. This especially applies to expenditures for social services and personal consumption, social security, housing policy and many other aspects of social welfare policy, which he says is not an equal partner of economic policy, but has been applied to remedying the social consequences of the mistakes of economic policy, investment policy above all. The author of this book argues convincingly that the present orientation of economic measures leads primarily to diminished personal consumption and social services, that these measures have not put any sort of a magic wand in our hands with which we can extricate ourselves from our difficulties--and that this orientation leads nowhere.

Question: You are harsh, sometimes even caustic. Yet this is a scientist's book, not that of a politician.

Answer: If someone sees an objective exposition of the facts and criticism of points of view which are not based on the facts to be sarcasm, then the problem of sarcasm is his, not mine. I can only say that I am consistent. I wrote what I had established, what I am convinced is the truth. The book was written by Berislav Sefer as a man who has devoted almost his entire life to that problem area. There is no point at which one could draw the line between the scientist and the politician.

Question: Yet we are convinced that there is a substantial difference and that we have not heard you speak out as a sociopolitical figure along these lines.

Answer: That isn't quite right. That isn't right at all. I spoke about this on two occasions in the Council for Social Welfare Policy of our republic, and I have actually spoken many times in the committees of the Assembly. I might cite innumerable examples, but here is just the most recent one, in the Federal

Assembly: I spoke in detail about the matters which I describe in the book, I was not in the least less harsh, but....

Question: But?

Answer: The delegates did listen attentively, but my words did not get a broader hearing. There was no debate.

Question: Does anyone ever ask you how it is that now you are advocating different solutions, and different views, that is, why it is that you did not undertake different measures when you had the scissors and cloth in your hands--we are thinking of the period when you were vice premier?

Answer: I repeat, I am not doing anything differently, I am not thinking differently at all. While I was still vice chairman of the Federal Executive Council, I knew that these issues would arise sooner or later. Anyone can seek the answers to them in two books. One came out back in the period of my vice premiership, the other soon thereafter. But we have the bad habit of remembering from what someone says or writes what fits our own conception of the problems.

Question: Let us be more specific. You say that we speak too sweepingly about personal consumption and expenditures for social services, that one of the mistakes is that we separate them from real economic events as though they were some independent economic category.

Answer: Exactly. When we mention consumption, it is usually portrayed as an independent category separate from production, and sometimes even as something alien, almost hostile, but at the very least is something which is harmful to production. Which means that we have forgotten the fundamental Marxist proposition that production basically creates both needs and consumption. Certainly we are preoccupied with the fact that we have excessive consumption and that we are spending beyond our means, but we have been little concerned or not enough concerned with the questions of why this has happened and of whether this is true at all. We have been neglecting the tremendous economic, political and social influences of the present economic situation on the standard of living.

Question: Are we spending beyond our means in the realm of the standard of living?

Answer: If we are to judge by the course of our general debate and the kind of measures that have in general been taken--yes. But I must say that I have not come upon professional and scientific proof of this. The level of the share of personal consumption in the social product was lower last year than in 1970 and lower even than in 1955. I must also say in this connection that about 10 percent of the resources for personal consumption are not domestic resources, but come from abroad. In other words, this is not our consumption and it is not our income, so that that kind of consumption cannot be set against the domestic social product, nor should it be assigned to burden the situation in the country.

Question: So that no one is led into a misunderstanding: what sort of resources are those?

Answer: The answer to that is really very simple. This is the money of Yugoslavs temporarily employed abroad. There is a great deal of that money, but from the professional standpoint we have been devoting too little attention to it. By and large everything we have done in this area was to demonstrate our interest in having Yugoslavs deposit their foreign exchange in our banks--at a rate of interest. I think there is no need to point out how little that is, how no one can actually state in detail what purposes the remittances of foreign exchange have served, and what their intensity has been.

Question: If we compare the growth of personal consumption and the social product, what do we see?

Answer: First of all, that personal consumption has been rising more slowly than the social product. Over the last 10 years 36 percent of the real growth of consumption has gone for the unemployed, 11 percent for new pension recipients, and 30 percent of that increase has been based on resources coming from abroad. Barely 9 percent has been spent to raise the personal incomes of workers. I think it is clear that we have achieved a rise of real personal consumption by virtue of social transformations and thanks to the increased resources of Yugoslavs abroad. If we look at expenditure for social services, it is indeed large. But if we lump it together with diminished personal consumption, then the sum total of consumption (personal consumption and social services), it will be at the average level of countries with low income. Yet we are among the countries with moderately high income, we are credited with this even by official statistics. Let us give the figures, which need no detailed comment at all: In the period between 1970 and 1980 the index of the real social product per employee rose 22.56. On an annual basis that is 2.15 percent. Over that same period real personal incomes increased only 11.7 percent, barely 1.15 percent per year. We are dealing, then, with a 50-percent lag. We get a still blacker picture if we go back only 5 years. Between 1976 and 1980 the real social product per employee rose 12.79 percent (2.3 percent annually), and personal incomes only 4.18 (1.1 percent annually). It must be completely clear to any layman that the real personal incomes of the workers, in the form of aggregate potential purchasing power, could not have been causing excessive expenditure nor troubles related to it.

Question: And how about now when real personal incomes are dropping?

Answer: That complicates the matter still more. Last year real personal incomes dropped 8 percent, and this year's trend is at present at least that much. That is a great deal, to put it mildly. Now we are dealing not only with a social welfare problem, but also with a classical economic problem. That is, it is as clear as the hand before your face that we cannot build a highly organized and highly productive economy by dropping real personal incomes and with their generally low level. Instead of becoming a category of economic and social welfare policy, the standard of living is becoming a category of social welfare itself. Social welfare policy, by comparison with economic policy, has fallen into such a subordinate position that it is not capable of even resolving social welfare problems, much less stimulate economic development. On the contrary: At this point it is even restricting it. It is the rule, and no exception, that we are protecting the "losers," that we are protecting production with a low

rate of profit, that we are protecting sick leave which at times is a cover for everything but illness, and so on. We are using income, then, for all those purposes so that very little of it is left for that role of an incentive which it ought to have and for the standard of living in general.

Question: The gap is obviously large. Where should the principal blame be placed?

Answer: On investments--above all. They have truly been huge. They have caught hold of the community, caught hold of people, increased their personal and community needs, altered the conditions of the life around them, their habits, and virtually everything, but they have not yielded a growth of income to match those major social changes which the investment projects themselves brought about. There is no question that it is our investment spending that has cast us down so low. Over the last decade investments have taken up 39.7 percent of the social product, which is far beyond any sort of realistic capabilities. In 1978 gross investments in countries with low income took up 21 percent, in countries with moderate income 25 percent, and in the industrialized countries 22 percent. Only the countries in the OPEC grouping, which are exporters of capital, did gross investments absorb 31 percent. Moreover, according to the figures of the International World Bank, the level of gross investments in Yugoslavia has been 18 percent higher than the level of our own resources. So now we are no longer able to furnish the foreign exchange for the imports we need, a need created by the investments. It has come time to pay off the debts, and, of course, there must be a contradiction between production capabilities and the need for them. It truly astonishes me that no one talks about the fact that there are some sort of objective contradictions that prevail in this society. One of them against which we will be waging a difficult struggle for a long time yet is the contradiction between the objective needs which are present in our development today and the low production potential which we have in the present composition of our population. The economic system has emphasized social changes, but now they are being complained about and judged to be a social evil, a burden. But if we do not get back to economic laws and if we do not realize what can and cannot be done in this area, we have no reason to be surprised that we are violating not only agreements, but even laws. After all, neither the former nor the latter can be independent of real economic and social laws. And if we want to neglect social laws, we can do so only with the coercion of the state and the government administration, and that certainly means some other socioeconomic system than self-management.

Question: Get back to laws?

Answer: Yes. Not literally, not in the broader sense. I am convinced that at one time we paid more respect to economic laws. There was more logic, a better understanding of things. But today the current economic policy is extremely oversimplified. It is short-term, it is not capable of foresight and planning over any lengthy period. Instead of organizing ourselves in the ramified economic system of self-management, which would be capable not only of correcting the difficulties, but also of achieving progress, we have gone astray into decentralized administration. That is why there is no coordination, things are

not related to economic laws, nor even to everyday logic, what was once called the peasant's common sense. It is no wonder, then, that the set of instruments very soon ceases to have an impact.

Question: That means, in other words, that we have indeed less self-management?

Answer: No, in general we have more of it, since we have developed its institution nearly to perfection. But in reality we have less of it, since the extent of self-management is the degree to which associated labor is the vehicle of development, the extent to which it truly disposes of income in the full breadth of that term, and not within the exceptionally modest limits which even then have never been altogether guaranteed. I see this as the standard of self-management, not some sort of institutionalization whose sole claim to self-management is that it bears the name. There is simply no way that we can determine everything, or, more accurately, practically everything--including even personal incomes (and also decide everything) outside the basic organization, and then tell associated labor to manage itself. No, it is not a heretical assertion at all that we have developed self-management to an exceptional degree from the institutional standpoint, but we have narrowed it from the economic standpoint.

Question: You say that it is amazing how at times a complete ignorance is displayed concerning matters which are altogether clear.

Answer: That is true. This especially applies to analysis, since we are oriented toward creating the social product, and we have left everything else to one side. However, there has been a need for us to take a step beyond bourgeois economics and seek values in that context. On the other hand, I can also say that we have the kind of analysis they have in a state-controlled economic system, that is, analysis from a single point. In the analytical field it is obvious that we have not equipped ourselves adequately so that we could facilitate a different orientation of development.

Question: Not even in income-sharing relations?

Answer: As all the figures demonstrate very eloquently, we have not been successful in this. For years we have been getting by by combining politics and the market. The whole time our plans have been declarative, admittedly good from the strategic standpoint, but lacking the instruments with which we might fulfill them. In terms of their goals all those plans were beyond real capabilities, and that is why we have been unable to fulfill a single one of them. I must add--so that people will not think that I take a dark view of everything--that much of that was also accomplished. Now it is again a question of compromises in the bad sense of the word. The point of our planning is more for everyone to find his place. But there cannot be enough money for everything we have conceived a desire for. It is a bit different with income-sharing relations. We are always pouring ourselves too little pure wine so that this kind of institution, which in essence is the most progressive, might come to life. But income-sharing relations precisely require clear conceptions and stability. The trouble is who today, with a 50-percent rate of inflation, would attempt to establish ties and real income-sharing relations outside the work organization

or even outside the republic when he cannot calculate even approximately what the next day will bring?

Question: Once again about investments. What else can you say concerning them?

Answer: Much more than will fit into an interview of this kind, and even then if we were to speak only about them. We really have spoken and debated a great deal about this phenomenon, but obviously we are still too weak to put our foot on its tail, to bring it within realistic limits. When real savings, real money was lacking, we used short-term resources for long-range projects. That is, we did our building with expensive resources of low quality. In addition to that, investment projects in Yugoslavia have not been balanced at all. Technological and market research has been negligible. Moreover, the computation of profitability was made for the domestic market, when the world market should have been the sole criterion.

Question: Surely you would not say that we are all to blame for this situation?

Answer: I ordinarily avoid statements like that, but what I am about to say will not be much better than mere rhetoric. What is at fault above all is statist megalomania, the power of individuals who have become the principal factors in decisionmaking concerning development. This does not apply solely to the republics, but also to regions and still smaller areas. The consequences of this kind of pattern is that relations within associated labor are severed. This also occurred because we have been constantly developing self-management from the institutional standpoint, but in practice there has been a divergence, there has been administrative decisionmaking, in which no one any longer pays respect to economic laws. I repeated this because it seems to me extremely important, since this pattern of behavior has left more than what we would call a great deal of room for voluntarism of the most diverse kinds.

Question: How is associated labor to be freed of tutelage?

Answer: I don't know that there is any such formula, but I imagine that it would be different without the (administrative) pressure, that associated labor would no longer operate from one day to the next, that it would not seek its little place in the sun, but would fight for its own prosperity with programs that would on the one hand be ambitious, but would boomerang unmercifully if they missed their target.

Question: Which means, then, greater responsibility.

Answer: That is right. Moreover, in the broadest sense of that word. Responsibility must be borne by those who prepare the decisions, by those who adopt them, and by those who carry them out. I think--that is, I am firmly convinced--that in this sense we should also amend our laws. A worker who does not work, who refuses to work, who is not competent, has too much protection. I will not go into the details, but we are all well aware that it is practically impossible to remove anyone who has been hired from his job. We can say without excessive exaggeration that every employed person has a monopoly on his job regardless of how he does it. In a situation when motivational factors for

better and more creative work and business operation have become very slack (actually we still do not know how to properly evaluate competent and creative work), this kind of monopoly position is manifested in the form of idleness, poor use of work time, irresponsibility, a high level of sick leave, and so on.

Question: Even now it is easier to identify idleness in the economy than idleness in noneconomic activities.

Answer: Of course, that is nothing new. It is actually that way everywhere, not just in our context. But we might take pains and find some sort of linkage offered by the theoretical foundation of free associated labor. As far as I know, no integral and overall assessment of present relations in that area has yet been made. And while there is a great deal of criticism, there is too little understanding of why things are as they are. All the assessments speak mainly about how spending in the social services exceeds capabilities and that the economy is increasingly burdened.

Employment in the social services has been growing faster than in material production. Communities of interest are becoming new sources of administrative power which are redistributing the income of the workers in material production--not on the basis of exchange of labor, but by virtue of fiscal instruments. All of this certainly has a minus sign in front of it, which is one aspect, while on the other it supposedly leads toward the free exchange of labor. Certainly the solution lies in this latter direction, though it is by no means so simple and within reach as one might conclude from the way the situation is evaluated in everyday politics. So long as we are discussing the relationship between the social services and material production, let me add these few words: It occurred to someone that supposedly workers in material production are poorly paid by comparison with those in the social services (and immediately there was a hue and cry). And so today we are all convinced that this is the truth, though there is not the least evidence to support such an assertion. But it is a firm fact that creative and highly competent work is poorly rewarded regardless of whether it is done in material production or outside it.

Question: You also analyzed the contradictions between social transformations, social and cultural needs, and what the economy is able to afford.

Answer: We must emphasize first of all that social transformations not only create needs, but also the awareness of those needs, and that awareness is always beyond the real capabilities of the economy. Development policy has been turning in a circle for a long time now. Everywhere we preach that we cannot spend more than we have and are creating (that is at least quite clear, and there are even too many reasons for this simple law), but we do too little to explain how we can and must produce more, along with specific programs, with alternatives, which we would be able to carry out. We must realize after all that the [illegible]ty and effectiveness of economic resources is dropping, while social chang[illegible] and needs are rising. The contradictions, that is, are becoming stronger, and a kind of conflict is arising between needs and possibilities. Let us put that a different way: The differences are wider between the proclaimed social goals and the results achieved. That is why the real value of the social progress that has been achieved is underplayed in people's minds,

since it is not measured by the parameters of time and rapid progress which we unquestionably have achieved in the social welfare field, but it is compared solely with the proclaimed goals. And people forget, or do not see, that usually those goals have been unrealistic.

Question: Which under the given social conditions means....

Answer: When we cannot reestablish harmony between the economy and social development at a higher level of economic development and more rapid expansion of economic resources, then policy resorts exclusively to restricting consumption within the limits of income. And this cannot be done otherwise than by restrictions which take the form of coercion, of administrative intervention. In doing this we create the illusion that by putting pressure on consumption as the last link in the cycle of reproduction, we will also change relations in the process of production and distribution. Though this is still by no means within the range of consumption, still less is it within the range of the capabilities of administrative regulation of economic flows. And alas all this has little influence on social development. Not only are aspersions cast on it for not being mindful of the economy, but it is even blamed for spending the modest income it does have. The active role of factors in economic development is thereby rendered altogether worthless. Under such circumstances social welfare policy becomes a government policy of protecting the standard of living and of reducing the differences in personal incomes, administrative allocation of housing, and the like. It is interesting and significant that in this situation the role of the government as protector receives the full support of the individual, since most people are near the average or below it, and it seems to them that protection of the government is needed precisely to protect their own standard of living.

Question: So that we move up among the "above average"?

Answer: When you say "above average," you are probably not thinking of those who gained that status through their work. We are talking, then, about those others. There are quite a few of them. It is not a question of organizing a witch-hunt at this point, but we still ought to change many things in that direction. I quite confidently say that in our country no one can become so rich as to be a bad example, as to be a pariah. By working honestly that is. It is true that I cannot prove this assertion of mine, but I am deeply convinced that the really rich are unjustifiably privatizing social income in various ways. Directly or indirectly. To be sure, the tax system is poor and ineffective (we should alter it as soon as possible to make it an instrument of economic and social welfare policy), but its enforcement is still worse, though it is not (solely) to blame for the great number of rich people who have no place in our system. There should be particular control over the sale of real estate so that there will be harsh taxation of speculative income earned in this way. The emphasis is on the word "speculative," since by no means every sale of real estate is a speculation, especially when there is such a great shortage of housing. Doesn't it seem to you quite illogical in a socialist society with self-management for income from, say, royalties to be taxed at the same rate as income from authentic creative work?

Question: One of the things you advocate in your book is shorter working hours. What is the reason for that?

Answer: It really is not difficult to interpret--from the economic, social and human standpoint. It must be our goal that machines operate 24 hours a day, that the individual works less, that everyone have access to both work and a job. The economy must orient itself in that direction. As a society based on the principle that "everyone must achieve his own happiness," as Kardelj aptly put it, this is certainly very logical and, what is more, necessary. Socialism must make it possible for a man to experience the fullest, richest and freest life possible. All this will be achieved in material prosperity at the point when he has more time for himself. That future is no longer so very far away at all. Even now we ought to be preparing programs in which we would begin to shorten working hours at a comparatively rapid pace. Perhaps this sounds somewhat revolutionary, but it is not. It can be proven mathematically that such a process is realistic, though today it is not exactly easy to get a job and though the trend is making it even more difficult. Especially because of the workers returning from employment abroad. With better organization and higher productivity we would not only maintain real personal incomes at the same level with shorter working hours, but we could even raise them further. We would also raise the level of our self-management.

Question: And that is very significant, isn't it?

Answer: Yes, it is. The world, which is seeking new socioeconomic and even political resolutions to the ever greater contradictions which are restricting progress on the present socioeconomic foundations, is extremely interested in the experiences of the Yugoslav economic system of self-management. The world is in any case extremely interested in the social aspect of the development of self-management, which, if we succeed in carrying out the planned reforms, will become still more attractive. After all, as a socioeconomic and political system self-management is also confirmed by the respect for the social goals in socialist development. That is why it is also important from the international standpoint that we develop social welfare policy to the degree we are objectively capable of. And here--in spite of everything--I am an optimist!

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PROBLEMS IN TIVAT AIRPORT OPERATION

Titograd POBJEDA in Serbo-Croatian 19 Aug 81 p 5

[Article by Spiro Raceta: "A Stepmotherly Attitude"]

[Text] The Tivat Airport is very important to the Montenegrin coast, especially in the summertime. Which means that it is indispensable, and probably that was the decisive factor in the decision to build it.... However, OUR JAT [Organization of Associated Labor Jugoslovenski Aerotransport] seems not to be interested in the fate of its OOUR [basic organization of associated labor]. A few days ago the personnel of the airport were working around the terminal building and operational area, they were finishing up the extensive apron, instead of receiving and dispatching passengers.

"This is a real misfortune when the principal air traffic junction for the Montenegrin coast receives only one aircraft in mid-August, and it comes around noontime. So, do not be surprised when I say that in the first half of the year we had a loss of $3.6 million in our business operation. Yet JAT, instead of increasing the number of flights of its aircraft to the Tivat Airport, reduced them to the number of flights in 1973!? Contrary to the business policy and to the needs of Montenegro to increase its tourist traffic in order to heal the wounds of the earthquake more rapidly in this region, passengers wait for 45 days to get a seat in an airplane," says Predrag Celanovic, engineer and manager of Tivat Airport.

Number of Flights Cut in Half

The plan for passenger traffic will not be fulfilled this year, nor probably up to 1985. The reason lies in the business attitude which JAT is taking toward this airport and, at the same time, toward tourist activity in Montenegro, since a major portion of the lodgings are concentrated on the coast. This is having an adverse effect on the inflow of foreign exchange. To make it all stranger and more incomprehensible, JAT is not even carrying out the volume of traffic announced in the official flight schedule for its aircraft, but emphasizes "losses in operation." In order to establish better relations the opstina assembly and airport management jointly accepted to reimburse JAT, as the largest air carrier in Yugoslavia, for all losses that might occur in operation on routes to Tivat. The Tivat Opstina Assembly and the airport sent such a proposal to JAT before the season began. A response has not yet come back. The

silence is all the stranger because JAT has always called upon Tivat and SR [Socialist Republic] Montenegro to cover losses it incurs on the Tivat--Belgrade route.

"Since the earthquake Montenegro has made great efforts and invested large resources in reconstruction of hostelry facilities, since it sees in its tourist industry a source of inflow of foreign exchange. A first necessity in achieving that goal is to put transportation facilities in order, and facilities for air transportation have priority importance among them. The irony is that JAT, at a time when they were most needed, has cut the number of flights of its aircraft to Tivat in half. To illustrate, the number of flights to Belgrade has been reduced 30 percent, while the Tivat--Zagreb route and Skopje--Tivat route, though at least 90 percent of the seats in the planes have always been sold, have been discontinued," Predrag Celanovic said.

The height of JAT's stepmotherly attitude toward Tivat Airport, contrary to all the standards of self-management behavior, is to be seen in settlement of the balance sheet for division, a procedure that has gone on for all of 6 years now. It is a consequence of that that the Tivat Airport, especially since the earthquake, has found itself in a very difficult position. To make it all stranger and more incomprehensible the people in Tivat do not at this point even know all they should about the status of the credit they received at one time to build the airport. That is, the investments were committed from several sources, strictly earmarked. Some of the resources were not to be repaid! JAT retained the right to use the funds and to collect interest, and it left the Tivat Airport to make the annual payments! Thus the airport has been prevented from taking advantage of the deductions which it has received from SR Montenegro.

Below Expectations

The Tivat Opstina Assembly, with the full support of the Fund for Reconstruction and Construction of the Earthquake Damage has together with the airport invested nearly $90 million to repair the runway, tower and operations area of Tivat Airport. The funds were to be "returned" through an increased number of flights and larger passenger traffic. Now that it is all ready, JAT is reducing the number of flights to Tivat and thereby to the Montenegrin coast?! The consequence is that the resources invested to repair Tivat Airport cannot be economically justified at this point, but the losses are piling up. Viewed as a whole, passenger traffic at the Tivat Airport this year is nearly down to half of what it was in 1978. In the first 6 months of the year scheduled flights brought 28,125 passengers, and only 304 JAT aircraft were involved in its traffic. In addition to that, there were another 113 aircraft with 1,523 passengers. On international lines there were 229 aircraft with a passenger volume of 21,618. Tivat also received 16 small foreign aircraft with 576 passengers. All of that is far below expectations and far from the real capabilities of this airport. Who benefits from such a policy? asks Predrag Celanovic, manager of Tivat Airport.

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YUGOSLAV-CHINESE ECONOMIC COOPERATION

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 21 Aug 81 p 3

[Article by Mladen Baclic: "Fewer Programs--More Realism"]

[Text] In the field of industrial cooperation Yugoslavia and China have agreed on the programs on which they will both concentrate their attention in the coming period. A smaller number of projects has been selected for further talks, but there are considerably better prospects for contacts to culminate in contracts concerning them. The judgment is that this is a more expedient way of improving the economic relations of the two countries than discussing possible cooperation "over a broad front," which in past years has not been very crucial.

The competent authorities and business executives of the two countries judge that the greatest opportunities for advancement of future industrial cooperation lie in the fields of machine tools, tools, tourist buses and bearings, and then in the electrical products industry, telecommunications and electronics, as well as in the production of equipment for rail transportation, and then in the field of building materials, metallurgy, light industry and the pharmaceutical industry. It has also been concluded that more concrete talks should be conducted concerning joint efforts on third markets of great interest to the two partners, especially with respect to doing construction work and equipping capital investment projects abroad.

The program of 110 projects for possible cooperation in the industrial sector, which was the topic of discussion before the meeting of the Joint Commission for Industrial Cooperation in Peking from 26 May to 4 June this year, was thereby reduced to realistic limits: to projects closer to realization. It is this that the two sides see as an opportunity for cooperation to be built in future on long-term business arrangements rather than on momentary interests and short-term contracts, as has been the case up to now. The price of these short-term contracts is a rather low volume of trade between Yugoslavia and China.

Trade last year amounted to about $160 million in both directions even though both sides pointed out that the opportunities were considerably greater and that maximum advantage should be taken of them. These observations, and the "output" as well, are recurring again this year. Mutual deliveries amounting to $300 million have been planned for 1981, but in the first half of the year the actual value of trade was only some $40 million. On the basis of the contracts in

effect and those in the offing it is estimated that trade will not exceed $100 million in both directions by the end of this year.

One of the reasons why the arrangements have mainly been short-term is the program of economic stabilization in Yugoslavia and the reorganization of the Chinese economy, under which that country has revised a number of projects already begun, while it has not yet adopted development plans up to 1985. In addition, China's strongest sector is light industry, and that activity is highly developed in our country as well, which leaves less room for increasing conventional forms of trade on that basis. That is why China and Yugoslavia want to improve cooperation on the basis of more up-to-date and stable forms of economic ties such as specialization, cooperation and joint efforts on third markets.

Detailed Negotiations Are Under Way

Within that context China and Yugoslavia have shown an interest in expanding long-term cooperation with Livnica zeleza i tempera (Iron and Malleable Cast Iron Foundry) of Kikinda in the field of machine tools, that is, surface grinders and special grinders, and also with other Yugoslav partners on programs for various tools and measuring instruments. There is also a desire for cooperation in the production of tourist buses and bearings and with respect to joint development and production of low-voltage switches with Energoinvest of Sarajevo.

It was also agreed that further studies would be made of possibilities for Yugoslav exports in the electronics field: digital electronic switchboards (centrale) and teleprinters, microwave digital relay devices, radio communications equipment, and typewriters for the English alphabet; and then possibilities of delivering technology for manufacturing masks for the production of printed circuits and also the technology for production of multilayer ceramic capacitors and the possibility of scientific-technical cooperation on infrared and laser technology. Projects for Chinese exports in the electronics field are manufacturing technology for navigation radars, technology for production of connectors, and then electronic measuring and monitoring instruments and apparatus; as well as special materials for the electronics industry, active and passive components, technology for artificial crystals, specific radio equipment....

Provision has also been made for the possibility of exchange between Yugoslavia and China of refrigerated freight cars and brake equipment, castings for freight cars, couplings and axle assemblies, technology for an electronic axle counter and a radiotelephone for locomotives in switchyards. The Chinese side is also interested in importing equipment for the production of nonmetallic minerals, and it would deliver raw nonmetallic minerals on that basis.

It is obvious that the partners themselves are resolved to pursue overall improvement of mutual economic relations according to the agreement--by concluding long-term arrangements.

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AGRICULTURE'S NEED FOR IRRIGATION DISCUSSED

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 4 Sep 81 p 7

[Article by Djura Djukic: "An Old Surprise Called ... Drought"]

[Text] The caprices of nature have by no means been mastered when it comes to food production. Drought is a phenomenon which since time immemorial has been reducing yields in certain of our regions, especially in the eastern part of the country where the soil is most fertile (Vojvodina). At the same time excessive water, torrents and floods, destroys yields in certain parts of the country. There are frequent years when a drought or flood afflict agriculture.

The problem of drought is a very urgent one, since the dry ground and sun have been baking the corn these past several weeks, and the harvest will fall off appreciably as a consequence. This in turn means that it is time to pay more attention to the uncontrolled natural phenomenon, though it ought not to be a topic of discussion when we take into account that Yugoslavia is among those countries which have an abundant amount of water. Rivers, watersheds, lakes, subsurface water, thermal springs, and storage reservoirs! Yugoslavia has an average annual rainfall of 1,002 mm, but that average is not distributed in the best way. There are various zones such as the mountain zone, the Pannonian zone, the coastal zone and the Vardar zone. The amount of water our country has can best be seen during the floods, but the unsuitable distribution of the rainfall can best be seen in a time of drought.

The Best Quality Soil Is the Thirstiest

The Pannonian climate comes under the continental type, and it embraces Vojvodina, parts of Slavonia and Serbia, where the temperatures are high in the summertime. True subtropical temperatures, with not enough rain. Droughts are most common in the latter half of the summer, as is indeed the case this year. When the occasional showers come, it is usually late for the crop's recovery.

The solution has been found long ago--irrigation. It is more talked about than worked on. It is significant that the best quality soil we have--crnica (black soil) or chernozem, ritska (bog) crnica, and smonica [another black soil]--is also usually the thirstiest in dry years. Construction of the network of irrigation canals has gone slowly, so that in Yugoslavia today, according to official figures, no more than 1.5 percent of the arable land is irrigated. This is

approximately 154,000 hectares. Irrigation offers a large opportunity for increasing agricultural production, but unfortunately it is not being utilized.

The pace of irrigation in this country is indicated by the figures covering the period since 1957. In 1957 a total of 82,991 hectares were irrigated, most by the surface method. Two years later irrigation covered 89,175 hectares, and 10 years after that, in 1969, 135,205 hectares. Another decade has passed, a very important one, up to 1979, since it recorded efforts of every kind to intensify agricultural production (except irrigation), and the area irrigated increased by less than 20,000 hectares, that is, to 154,330 hectares.

Yet the natural conditions exist for irrigating a considerably larger area. It is thought that the potential area for irrigation covers about 3.6 million hectares. In Vojvodina alone, when the hydro system is rounded out, about 350,000 hectares could be irrigated!

More Irrigation Systems Have Been Started Than Finished

It is significant of our irrigation problem that several undertakings have dragged out for a very long time. More irrigation systems have been started than finished. Little has been invested, and there has not been much persistence in completing these important undertakings. There are thus irrigation systems under construction in Macedonia, in Kosovo, and in Vojvodina, where the Danube-Tisa-Danube hydro system has undertaken many functions, among which the principal one is drainage. But its irrigation role is still modest, since the system of small irrigation ditches has not been built.

Farm policy, which confronts the old problem of irrigation, must be more up to date. The loss to crop yields is argument enough. The need exists for higher yields in both sectors, as well as for stabilization of yields. We are all familiar with the fluctuations which occur because the water pattern is not regulated and which detract from the multiannual averages over lengthy periods of agricultural production.

Irrigation would also make possible something else which is very important when it comes to food production--a second harvest. With the timely aid of water the land could be used from early spring to fall for various crops, for stubble crops and double harvests, since these are regions which have high temperatures and other conditions favorable to vegetation.

Yugoslavia is a hilly and mountainous country, and its most important farming region, Pannonia, extends only over 23 percent of the country's total area. This area should have high yields, but they cannot even be imagined without the influence of the principal factor in stabilizing them--water, which means irrigation.

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BRIEFS

NEW COAL MINES--Next year the "Kolubara" Mining-Energy-Industrial Combine will begin opening an additional surface mine. The western "Tamnava" field comprises over 14 square kilometers and has estimated reserves of over 300 million tons of lignite. In order to get to the coal, however, over 570 million cubic meters of earth has to be removed. By 1985 four villages of 62 farms cultivating 410,000 hectares of land will have to be moved from the area and by 2012, the last year in which coal from the "Tamnava" field will be mined, 297 households will have been moved from the area. Geologic exploration has shown that large coal reserves exist in the village of Rasna near Pozega. This mine was closed 7 years ago because it was considered uneconomical and the amount of coal was believed insufficient, but the energy crisis has forced a reconsideration and it has been shown that exploitation would pay off. Estimated reserves in this area are about 3 million tons of lignite which can be surface-mined. [Excerpts] [Belgrade PRIVREDNI PREGLED in Serbo-Croatian 21 Aug 81 p 6]

FUEL PROBLEMS FOR ZAGREB--According to the plan, this year the city needs 210,000 tons of coal, but only 150,000 tons have been covered by contracts. One-half of this amount [210,000 tons] was consumed by the end of July. At present there is a deficit of 60,000 tons; one-quarter of this will be provided from imports of briquettes from the GDR, while the remainder will come from domestic coal mines which also in previous years delivered quantities above that contracted for. Wood will also be delivered this year without contracts having been made in advance because work organizations have refused to make contracts due to price disparities. But all needs have been met up to now and about 3,000 cubic meters of wood are stored, awaiting buyers. Supplies of liquid fuel will be more difficult. At present there is enough heating oil and diesel fuel, but this does not mean that storage tanks will remain full to the end of the year. Consumers have thus far, it seems, been holding back because of the high prices. Saving and care in consumption is recommended, since restrictive [lowered] plans for consumption will not be met. There will also not be enough mazut, since a 40-percent deficit was recorded even at the time the Yugoslav balance sheet was drawn up. By the end of the year the city should be supplied with 134,000 tons but how these will be distributed is a problem because reserves are low. Imports have been approved to make up the shortage of 5,000 tons of liquid oil gas, but there is not enough foreign exchange to pay for this. The problem has been to some degree alleviated by the fact that the Ivanic Grad-Zagreb gas line was recently put into operation which will supply not only Zagreb but other parts of Croatia, part of Bosnia-Hercegovina and Slovenia. Thus, the situation is not alarming, but there will be difficulties. [Excerpt] [Belgrade BORBA in Serbo-Croatian 3 Sep 81 p 2]

SUPPLY PROBLEMS IN BOSNIA-HERCEGOVINA--In the first half of this year retail commodity trade in Bosnia-Hercegovina was 1.2 percent less compared to the same 1980 period, while wholesale trade was as planned, but since May the trade sector has stagnated. In the coming period difficulties are predicted in the supply of flour, milk, edible oil, sugar, perhaps coffee, coal, and oil and oil derivatives. The reason is that producers are offering fewer quantities of these goods on contracts or self-management agreements while demand is increasing. Flour supplies will be very difficult; this republic's mills are already reducing operation and some have stopped operating because of the unfavorable wheat situation. There are adequate sugar supplies at present but it is uncertain whether this will last to the end of the year. At present there is a shortage of construction materials, especially cement, lumber, iron for reinforced concrete, zinc-coated sheet metal, electric installation material, plumbing material, etc., because of increased demand, especially as a result of the earthquake in the Bosanska Krajina area. Coal deliveries are also very slow. In the last 8 months about 40 percent of the annual consumer amounts needed for the year have been delivered. There is not only a shortage at the mines, but also not enough railroad cars for coal transport. [Excerpts] [Belgrade PRIVREDNI PREGLED in Serbo-Croatian 16 Sep 81 p 12]

LESS GASOLINE--In the first 8 months of this year 502,000 tons of crude gasoline was produced, instead of the 849,000 tons which was planned; thus, the plan was only 59.2 percent fulfilled. The reasons for this exceptional shortfall in this basic petrochemical raw material should not be sought in reduced processing of crude oil but above all in the economic accounts of refineries which prefer to produce more expensive and frequently poorer quality derivatives. According to the Yugoslav plan, this year 1,350,000 tons of primary gasoline was to be produced but now a maximum of 1,270,000 tons is expected but only if the planned quantities of imported oil will continue, which however has not been the case up to now. [Excerpt] [Belgrade PRIVREDNI PREGLED in Serbo-Croatian 15 Sep 81 p 1]

LACK OF COAL IN VOJVODINA--According to the plan, Vojvodina needs this year 1.52 million tons of coal (1 million tons for mass consumers, 450,000 for industry, and 70,000 for transportation). Industrial and transportation needs have been largely met, but about 192,000 tons are lacking for consumers (157,000 tons from domestic mines and 35,000 tons from imports). Payment for coal will continue to be a problem because basic banks do not have funds to grant credits for trade organizations to purchase coal. [Excerpt] [Belgrade PRIVREDNI PREGLED in Serbo-Croatian 15 Sep 81 p 1]

REDUCED OIL PRODUCTION--Yugoslavia's largest oil producer, INA-Naftaplin in Zagreb, will produce less domestic crude oil and gas this year. In the first half of this year over 1.47 million tons of oil was produced, or 2.8 percent (58,796 tons) less than in the first half of last year. The basic reasons for this are the larger amounts of water in the oil in almost all the oilfields, especially the Ivanic-Grad, Klostar, Dugo Selo, Struzec, Stevkovica, Sandrovac, and Zutica fields. There have also been frequent breakdowns in the operation of depth pumps. Recently a number of measures have been taken to improve operation, such as the use of new wells in some fields so that even now maximum production is developing. But it is not very likely that the losses can be made up. The same situation holds true for gas production. This year 576.51 million cubic meters were produced, which is 17.2 percent (or 6,257 tons) less than the plan. Needs could not be met

even though 3 percent more gas was imported this year; imports amounted to about 225 million cubic meters. In the first half of the year 12 percent less gas was delivered [by INA-Naftaplin] than the plan called for. Here INA-Naftaplin is faced with problems regarding the maximum use of gas fields. Also, the new Molve gas field is being put into operation behind schedule. In the first half of this year consumption of oil derivatives was 9 percent below that of last year. However, deliveries of oil products will be affected also by the fact that 875,000 tons less crude oil will be imported this year. The lack of foreign exchange to import equipment and producer goods is also the reason that INA-Naftaplin well operations were 6 percent below the plan in the first half of this year. [Excerpts] [Belgrade PRIVREDNI PREGLED in Serbo-Croatian 9 Sep 81 p 2]

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